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ABSTRACT

This guidebook addresses retirement planning for midlife women. Section 1 presents the woman an opportunity to assess herself today in terms of the roles she plays in various aspects of her life and in her relationships with others. It asks her to consider some of her plans, dreams, and things she would like to do in an ideal retirement situation. It also discusses her opportunities to work, travel, continue her education, and volunteer in her community. Section 2 discusses common health concerns of midlife women and wellness strategies to pursue now that will work toward good health later. Section 3 discusses various aspects of financial planning. It presents the "three-legged stool" of a secure retirement: savings and investments, Social Security, and pension benefits. The section concludes with a review of the different kinds of insurance midlife women should consider. Section 4 examines legal concerns including estate planning, divorce or marriage, and discrimination in the workplace. Section 5 discusses housing options for older women, including home ownership, apartment tenancy, and lifetime care communities. Section 6 describes the issues and concerns associated with caring for an aging spouse or parent. A comprehensive questionnaire about one's retirement plans is provided at the end. Appendixes include a 24-item bibliography, a list of 32 recommended resources, names and addresses of 10 organizations, and a list of other resources. (YLB)

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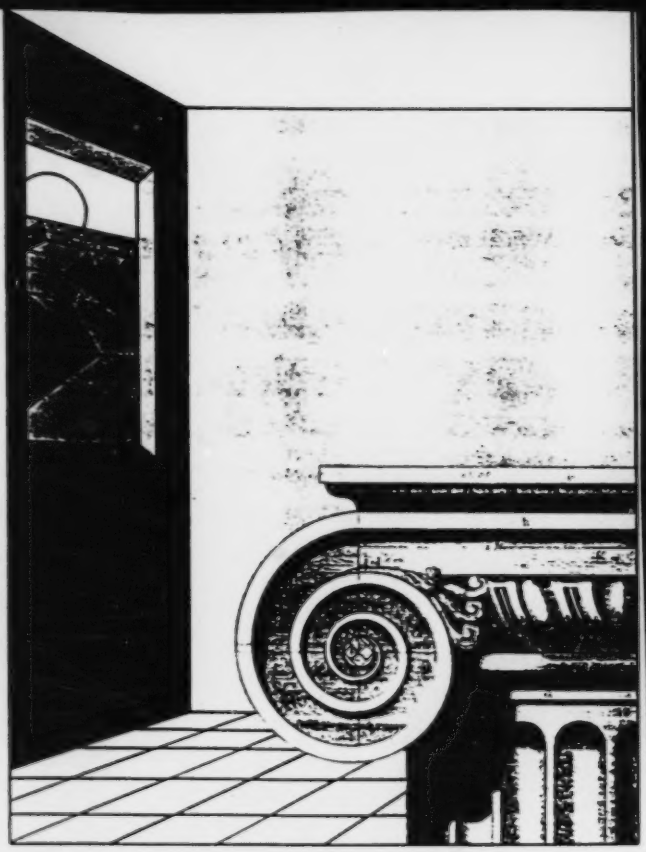

A WOMAN'S GUIDE TO

RETIREMENT PLANNING

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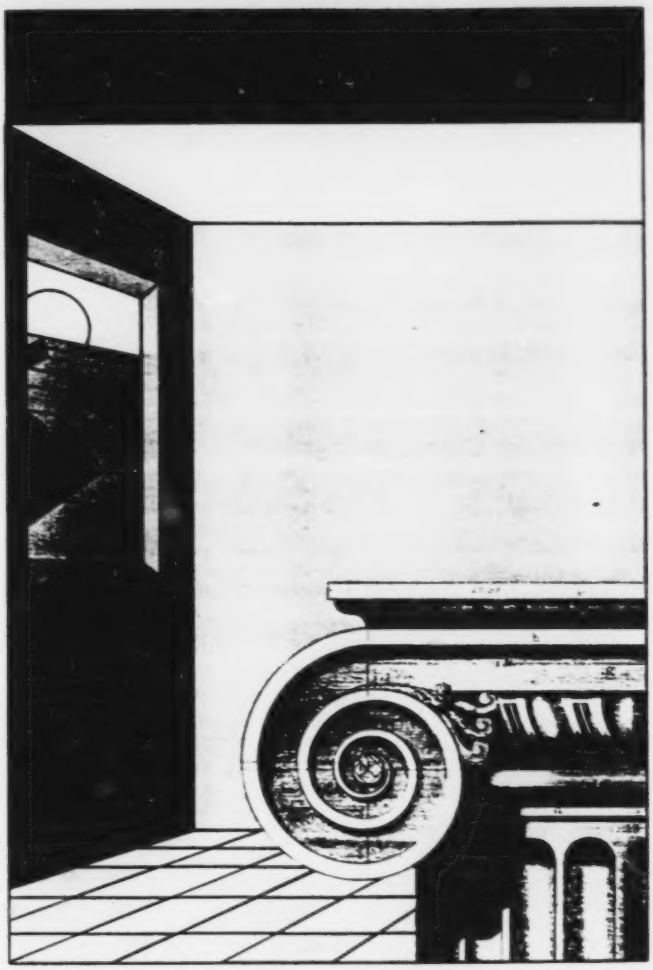

A WOMAN'S GUIDE TO

RETIREMENT PLANNING

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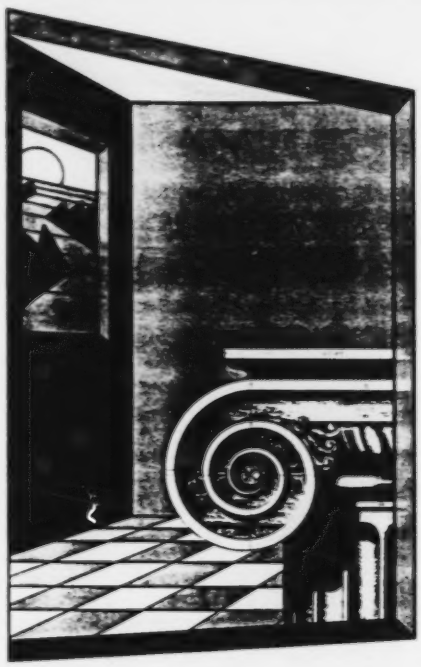
WELCOME TO RETIREMENT PLANNING

Midlife women, having reached a special point in their lives, are able to view the entire panorama, to see the excitement, challenges, and promises that lie before them, and the successes and disappointments of the past. Women on the verge of midlife are at the start of yet another journey, one that can be enormously satisfying as they begin to shed the commitments of earlier years, replacing them with new opportunities and interests.

Midlife women will repeatedly encounter retirement planning, establishing habits and plans now that can lead to a rewarding retirement later. Like most of life's significant events, a secure and comfortable retirement doesn't just happen. It occurs through careful planning and thoughtful consideration about how you would like to live later in your life.

It is never too early to plan—and now is always the time to begin. Midlife women who want to plan for retirement should begin now to assess their life plans and goals and to evaluate



where they would like to be in the future. This assessment should go beyond financial considerations and review employment, social and domestic roles and relationships, housing arrangements and alternatives, physical and mental well-being, and legal affairs.

Retirement planning is an ongoing process. The choices and plans you make at 50 will be different from those you make at 70. As the circumstances of your life change, it will be important to adjust your plans accordingly.

This guidebook is a first step in beginning to understand the issues that will affect most midlife women. By providing planning suggestions and guides, it offers an opportunity to begin laying the foundation of a fulfilling retirement, one that will be secure, comfortable, and satisfying.

BUT I'M ONLY 40 (OR 50 OR 30): PLAN ANYWAY!

For some people, the thought of planning the next day is enough to make them throw the calendar out the window. The thought of retirement planning, trying to map out the next 20 or 30 years, may be enough to make you want to follow that calendar. However, planning now can contribute to your retirement, making those years more secure—emotionally, physically, and financially.

Retirement, like other periods in our lives, is accompanied by a host of issues, some of which may be entirely new to you. You may suddenly have free time in which to begin a second career or educational opportunities, to travel or to pursue a favorite pastime, to volunteer in the community or to spend time with family and friends. Domestic and social roles may change, as may the ways in which you perceive yourself. The

Retirement Planning Checklist

	YES	NO	UNCERTAIN
I have leisure activities and pursuits that I will continue as I grow older.			
I know where I will live in later life.			
I know the health concerns that many older women face.			
I know how to decrease my risk of developing common health problems.			
I understand how sexuality can change with time.			
I have discussed long-term care plans with my aging parents and know their needs and desires.			
My husband or partner has life insurance.			
If I have dependents, I have life insurance.			
I have adequate medical insurance.			
I will have an adequate retirement income.			
I understand my retirement benefits package.			
I understand my husband's or partner's retirement benefits package.			
If divorced, I understand my rights concerning my former husband's retirement package.			
I understand the Social Security benefit system, how to apply for benefits, and what my approximate benefits will be.			
My legal affairs are in order: I have a will. I have a living will. I have assigned power of attorney.			

By now, you're probably feeling apprehensive about the number of times you answered, "no" or "uncertain." An hour with this workbook will help you increase the number of times you answer "yes," or show you where to begin.

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place you call home may be different from what it was when you were younger or when you were raising children. Health concerns may come to the forefront. Financial and legal matters will become even more important.

As you assess where you are in the planning process, you may find yourself already on target for a comfortable retirement. Or the assessment may provide a much-needed wake-up call, drawing your attention to what needs to be done now.

Start planning by asking yourself the important questions in the Retirement Planning Checklist on page 2. You may have answers to all of these questions or to none of them.

If you are married, ask your spouse to answer these questions also. If you have a long-term companion, ask him or her to respond. When you've finished, compare notes. Are your concerns similar? How are they different?

Once you have completed this guidebook, consider your answers to the more comprehensive list on pages 72-73. The second time through should be a little easier, your answers a little more certain, and the future somewhat clearer.

> Some employers and community colleges sponsor a program developed by the American Association of Retired Persons, "Think of Your Future." The program instructs and guides participants on how to take specific actions to plan for retirement. Check with your employer or local community college to find out whether they offer retirement planning programs.

WHAT IS RETIREMENT?

Traditionally, people look forward to retirement as the culmination of the American dream, a golden time of life when they no longer need to work, putting aside a career they have worked at most of their adult life—often in one place. And, traditionally, retirement planning has focused primarily on financial preparedness.

However, as women have increasingly joined the work force in full- and part-time jobs, retirement planning has begun to encompass the additional concerns women face in later life. Indeed, retirement planning may even focus on concerns that are important in your life right now.

As you approach retirement, you will confront issues you may never have considered. Perhaps you've never had to balance a checkbook or file insurance or medical benefit claims. Time, a scarce commodity if you have been employed or raising a family, may suddenly become available.

Some women may have only recently returned to the work force, either full- or part-time. They may be concerned about their eligibility for retirement benefits.

Married women must contend with changes that occur in their relationships with spouses when either partner retires. Roles within the marriage may change; you may share the domestic activities or disagree over each other's responsibilities. The woman who worked primarily in the home will have to adjust to the changes that occur as children grow and leave home, sometimes to return again, or as her husband retires and is at home every day.

Many women will find themselves being caregivers for their spouses or parents. The death of a spouse represents not only a loss, but a change in how you live, especially for the woman who finds

herself alone for the first time in years. The death of a parent can also raise emotional concerns for many people.

Single women face different but no less dramatic changes. Women who defined themselves primarily by their careers must find their identity in new ways. They may need to cultivate new friends. They may need to find ways to spend their time.

This guidebook introduces women who have been there—older women whose retirements have proven satisfying, others who have had to struggle to get by, some who have learned that retirement, like so much else, is affected not just by external factors, but by one's state of mind. You'll meet women who are your peers and learn how they are planning—or are not planning—for retirement. In their stories, you will find information that can help you devise new approaches to common concerns.

"What does the first day of my retirement look like? What am I going to do with myself? What is my new role in retirement? Who am I? Who do I belong to? Who am I connected with? What do I want to become? Who do I want to be? What are my opportunities?"

Helen Dennis, Andrus Gerontology Center at the University of Southern California

First, however, we suggest that you read the advice of Helen Dennis, a specialist on aging, employment, and retirement.

An Expert's Advice

Helen Dennis suggests that the first step to answering these questions involves reconsidering your thoughts about retirement, seeking information to help you plan, and making choices.

Even as you take these steps, however, you will find yourself facing barriers common to most midlife women. Women must overcome economic barriers that inhibit their financial security. They must overcome an attitude that Dennis characterizes as "retirement planning 'doesn't include me.'" And they must seek as much information as they can about retirement planning.

Many of these barriers can be surmounted if women take more responsibility for the direction of their lives. Dennis recommends, "A woman needs to feel some sense of responsibility. Women haven't been socialized to think in that way, so women should develop an attitude of being responsible for themselves."

Equally important to cultivating a sense of responsibility for your own affairs is a willingness to be informed, especially about financial issues. "A very fundamental piece of retirement planning is financial planning, financial management, financial security. This includes having a will, estate planning, projecting one's income, projecting one's expenses, budgeting, and investment management."

Finally, Dennis advises, "If there's only one goal for a woman or a man in retirement, it is having the freedom to make choices without having one's finances or health constrain those choices."

Those choices are different for each woman. Some women may resume the domestic role they had left in order to pursue a career. Others will redefine their role in relationships with their spouse. Some women will experience a "loss of freedom" when their spouse retires and is home all day. Some will become primary caregivers to their parents or grandchildren. Some women will experience all of this and more.

Many women find that their income does not enable them to save. Even so, Dennis says, these women should strive for financial stability and adequacy in retirement.

"There may not be a surplus of money, but it should be adequate for a decent and dignified life in old age. Women need to know about the resources and networks in the community. There are places to go if the economy is poor. There are services that one can approach for assistance. What one does in the retirement years is not tied to the exact income one has in retirement."

"Have an attitude of being responsible for oneself. Be informed. Be informed about finances and health and new roles and work options and social opportunities and leisure opportunities and fun opportunities. Be aware that we have choices. We are not victims. We can choose what we do with our lives."

On the Road to Choices

Today's midlife woman has many factors to consider as she plans for retirement. And each of these must be evaluated in the context of your own hopes and dreams for retirement.

You might want to reexamine your relationship with a spouse, children, parents, family, and friends and the role you play in domestic and social situations. If the care of an elderly parent becomes your responsibility, you must become knowledgeable about caregiving and your role as a caregiver.

You will want to think about how you can spend your time: at work, as a volunteer, as an adult student, a world or country-wide traveler, a sports buff, a gardener.

You will need to consider whether you will continue to work in your current field, start a second career, or leave the paid work force and become a volunteer. Women who have not been earning a salary outside the home may decide to join (or rejoin) the work force.

You will need to think about where to live: in your own home, a condominium or apartment, or a retirement community. You will need to consider the people with whom you might live: spouse, partner, adult children, aging parents, friends, or roommates. You may prefer to live alone.

You will find that health becomes more important to you and that wellness can become a way of living, preventing illness or disease, hastening recovery, and boosting your sense of well-being.

You will want to carefully evaluate your financial plans for the future, your sources of retirement income, and whether or not you will have enough resources on which to live comfortably. You will need to evaluate your various insurance policies and review your estate plans.

In short, although the options are varied, most require some thought and investigation before deciding which ones are best for you. This guidebook will provide a framework from which to begin your retirement planning.

GETTING THERE: THREE WOMEN ANTICIPATE RETIREMENT

Rose Marie, Gloria, and Alicia live in different geographic regions, which may account for some of the differences in their personal lives. But in other respects, you may see similarities among the three women. Perhaps you will find that their stories reflect your own hopes for the future and the challenges you face:

Money Table

How $1 per month grows with interest compounded monthly

Years to Retirement	5%	6%	7%	8%	10%	12%	14%	16%	20%
1	12	12	12	13	13	13	13	13	13
2	25	25	26	26	27	27	28	28	29
3	39	39	40	41	42	43	44	46	49
4	53	54	55	56	59	61	64	67	73
5	68	70	72	74	77	82	86	91	102
6	83	86	89	92	98	105	112	120	137
7	100	104	108	112	121	131	141	153	181
8	117	123	128	134	146	160	175	193	233
9	136	143	150	157	174	193	214	239	298
10	155	164	173	183	205	230	259	293	376
11	175	186	198	211	239	272	311	356	472
12	197	210	225	241	276	319	370	430	588
13	219	236	253	273	318	372	438	517	731
14	243	262	284	308	364	432	516	619	904
15	267	291	317	346	415	450	606	739	1116
16	293	321	352	387	470	576	709	879	1374
17	320	353	390	432	532	661	828	1043	1688
18	349	387	431	480	601	758	964	1236	2072
19	379	424	474	532	676	867	1121	1462	2539
20	411	462	521	589	759	989	1301	1726	3109
25	596	693	810	951	1327	1879	2696	3913	8485
30	832	1005	1348	1490	2261	3495	5493	8754	22978

concerns about aging parents, college-aged children, pension benefits, housing, marriage or solitude, and adequate income for the future.

Rose Marie, a fortyish native of Washington, D.C., now lives in Florida. For the past twelve years, she has worked in laundromats. Like many women who work in low-paying service industry jobs, her income has not enabled her to save for her retirement years. Rose Marie, a white woman, has two adult children and one teenager.

Gloria is a divorced military wife and a nurse in a western state. She has two children in college and one still in grade school. She hopes to return to school for additional education, but is waiting until her children graduate before doing so. As a result of her divorce, Gloria, an African-American, has had to become much more self-reliant, both financially and emotionally. Although Gloria has tried to plan for retirement, the circumstances of her life have changed some of those plans. Right now, her plans for the future are tied to planning for her youngest daughter's education.

Alicia is a Cuban refugee who has worked for the federal government since the 1970's. A widow, Alicia has had to come to terms with a variety of changes in her life, including the death of her husband and the care of her elderly mother. Her three adult children have all graduated from college. As she looks to the future, she wonders how she will incorporate the pleasure she derives from helping others into her retirement years. Having lived on a shoestring budget when she was a young wife and mother and having known what it means not to have money, Alicia is determined not to be poor when she is older.

Rose Marie: Economic Barriers To Planning

Rose Marie, like many others who work in the service industry, has never been able to save for retirement. She works at least 50 hours each week, but by the time the bills have been paid, there's nothing left to save.

"Saving is hard because of the economy and the way everything costs," she says. "When you don't make a lot and it goes for everything else, thinking about retiring is frightening. It's frightening for me because I don't have anything planned."

However, if Rose Marie could begin to save even $1.00 each month, she would begin to accumulate a small fund for emergencies. As the table/chart on page 6 shows, saving $1 each month can net a modest savings account.

"When you don't make a lot and it goes for everything else, thinking about retiring is frightening. It's frightening for me because I don't have anything planned."

Although Rose Marie has seen the benefits of retirement planning in her friends' lives, she believes it is unlikely to become a part of hers.

"They're pretty well financially set. Of course, I compare myself with them and I'm not like them because I don't know where my future is going to be."

Like many women in her predicament, Rose Marie worries that she will become a burden to her children. "I have my children but they can't always come forward and supply my needs."

Rose Marie's late mother planned a secure retirement. "She worked her whole life as a waitress and was very thrifty and

saved. Sometimes she worked two jobs. She'd keep us in clothes and food and school. Finally, she got to retire and bought a house in Miami, right when I had my son. Her house was paid for and she really had no financial problems. She, in fact, helped us."

Despite Rose Marie's desire to start saving for retirement, she really sees no way to do so. One regret she expresses is that she does not have the education or training that might lead her to a position that paid more or offered retirement benefits.

"One of the things I've learned is that even though you have these great plans, the plans don't always work. I did not plan to be, at this point in my life, a single parent. But, after 20 years of marriage, that was what happened."

"My ideal would be to volunteer somewhere like in a hospital. Maybe join a spa and go to a pool and just have a glorious retirement. Wouldn't have to worry about working, just go out with my friends and meet for lunch and just have a good time. I mean, not have to worry about money, but just be comfortable."

When Rose Marie dreams about her ideal retirement, she describes the kind of life many women envision. Unfortunately, for thousands of women in Rose Marie's position, this vision may never become a reality.

Gloria: When Things Don't Work Out as Planned

Gloria, a nurse with a career both as a practitioner and as a teacher, is trying to plan for her retirement. But as a single parent of two college-age children and one elementary school child, planning is not always easy.

"One of the things I've learned is that even though you have these great plans, the plans don't always work. I did not plan to be, at this point in my life, a single parent. But, after 20 years of marriage, that was what happened."

Since her divorce from a military officer, Gloria, now in her early fifties, has had to come to terms with being primarily responsible for herself.

"I had often been the surrogate head of household when my husband traveled. But I always knew that behind me was another person who would help pick up the slack. All of a sudden, when we divorced, I found out I was the slack, and there was no one back there but me."

Consequently, Gloria has had to make employment and insurance arrangements she previously had never even considered.

"I buy disability insurance. I buy term life insurance so that, if something happens to me, my kids can have the option of staying in our house. I buy health insurance to assure that they have access to the health-care system at all times."

Gloria hopes to return to school for additional education, once her older daughter has graduated. Even if this doesn't happen, she believes that when she reaches retirement, she will have done things in her life that were right for her.

"I reached my initial goal years ago when I finished college, and that was to make my mother proud of my accomplishments. I watched her struggle and go back to school, and I wanted her to be proud that she hadn't done it in vain."

Gloria advises her children, especially her daughters, as she

would other young people. "When you make a commitment in life, even if it's marriage or whatever it is, make that commitment with the plan that you are a part of that picture, not just there depending on someone else."

For every woman, single or married, relying on yourself and planning for yourself are the best options to choose.

Alicia: A Determination Never To Be Poor Again

The incident that most shaped Alicia's life was also one that profoundly changed the world: the Cuban Revolution.

"I was 21 when it started. My world crumbled all around me. Living through that experience, through four years of that process, and coming to the United States with two little children, then having a third one here and having no money, having to start all over again, certainly that changed my outlook on life. I think I have been able to accomplish the things I have because that experience made me what I am today."

Today, she is a hard-working and ambitious woman in her fifties, motivated by the difficulties earlier in her life to succeed now. Alicia's determination to plan and save for her retirement comes from the experience of having been poor—a state in which all too many older women find themselves.

"Not having any money to pay the bills, to buy shoes, to buy school clothes for the kids. I have this fear that I will go back to those days of having no money so that's why I'm concerned about financial planning."

Alicia's financial planning began in earnest more than seven years ago when her husband died and Alicia was left with a modest life insurance benefit to invest. She met with a financial planner who advised her. Alicia now contributes 10 percent of her salary as a civil servant to a federal government retirement plan that matches a portion of employee contributions.

Although Alicia is financially secure, she has had to deal with other changes that accompany aging, such as loneliness now that her children are adults and no longer living at home.

Alicia describes her widowed mother, now 79, who is experiencing similar problems. To combat her own feelings of loneliness, Alicia spends time with friends and volunteers with programs throughout her community. For many midlife and retirement-age women, volunteerism is a way to remain connected with society and with other people.

Although Alicia is financially secure, she has had to deal with other changes that accompany aging, such as loneliness now that her children are adults and no longer living at home.

"There are so many things that you can do with your life, and there are so many people that need help. I think it's important to look beyond your own little world and try to do something for the people around you that need your help."

A GUIDE TO THE GUIDEBOOK

This guidebook addresses the primary subjects in retirement planning relevant to midlife women. In addition to self-assessment and information on employment, continuing education, and travel and recreation, these subjects include health and wellness, finances, legal affairs, housing, and caregiving.

Section One presents an opportunity to assess yourself today in terms of the roles you play in various aspects of your life and in your relationships with others, at work, at home, and socially. It asks you to consider some of your plans, dreams, and things you'd like to do in an ideal retirement situation. It also discusses your opportunities to work, travel, continue your education, and volunteer in your community.

Section Two discusses common health concerns of midlife women and wellness strategies to pursue now that will work toward good health later.

Section Three discusses various aspects of financial planning, a central element to a secure retirement. It presents the "three-legged stool" of a secure retirement: savings and investments, Social Security, and pension benefits. The section concludes with a review of the different kinds of insurance that midlife women should consider.

Section Four examines legal concerns including estate planning, divorce or marriage, and discrimination in the work place.

Section Five discusses housing options for older women, including home ownership, apartment tenancy, and lifetime care communities.

Section Six describes the issues and concerns associated with caring for an aging spouse or parent, a situation that more and more Americans are facing.

At the conclusion, you will have the opportunity to complete a more comprehensive questionnaire about your retirement plans. A list of recommended resources points you to additional sources of information so that you can become more knowledgeable about the issues that affect you. An informed person is very often an empowered person as well.

SECTION 1

DREAM TIME: TIME THAT'S ALL YOUR OWN

Despite the 40-hour workweek (which was supposed to liberate the masses for other pursuits), free time is something most people lack when they are busy with work and family life.

Retirement offers the potential for personal time, although this time need not be solely for leisure. In fact, many people continue to work, to advance their education, and to volunteer for a variety of causes throughout their lives.

After a lifetime of work, usually in both the work place and the home, some people have trouble adjusting to *not* working. Work provides a structure that many people find essential to their self-perception. When that structure is altered, so too is self-perception.

Most retired people, however, do maintain structure in their lives: they have schedules, measurable goals, meaningful relationships, and a sense of challenge that stems from a variety of sources, from employment to volunteer work to education and travel. This section discusses options to consider as you think about ways you'd like to structure your time when you retire.

Retirement years are usually role-changing years. Married people may divorce or become widowed. Couples who never had time to spend together may find that they don't know what to do when they are together. Mothers of young children become mothers of adult children. Women with careers retire. Some women will find themselves providing for their children and assisting or caring for elderly parents at the same time.

The exercises in this section will help you identify activities you enjoy now and those you might *like* to do when you retire. If you are married, photocopy the exercises and ask your spouse to join you. If you have a long-term partner or companion, ask him/her to complete one. For a variation, fill in the blanks with how you think your partner would respond—then compare notes.

Some couples will discover that they need to discuss more realistic and compatible views of retirement. Helen Dennis explains that she often meets couples who have two very different pictures of retirement. "One person is pruning trees and flowers in the backyard and the other is going on a trip around the United States in the R.V." These exercises might convince you to park the R.V. or to plant a garden on its roof.

SOME OPTIONS FOR A SUCCESSFUL RETIREMENT

Just as there are thousands of ways for children, teenagers, and younger adults to spend time, so too there are many ways for older people to spend theirs. Work—part-time, full-time, or volunteer—recreation and sports, continuing education, and travel are just some of the productive ways older people use time to their advantage.

Married couples can take constructive steps to ensure that their relationship continues to grow and that spouses are able to support one another in later life. Such efforts can alleviate conflicts or foster compromise. Couples should try to:

- support each other's goals, ideas, and plans for retirement;
- encourage friendships, individually and as a couple;
- develop new routines;
- respect each other's privacy;
- exchange and share roles; and
- maintain good or well-groomed appearances.

Adapted from
Think of Your Future.

Conflicts can also arise between long-term companions or partners, and you should discuss these issues. Some older women find themselves disagreeing with their children about their retirement choices, so you may want to discuss your dreams and plans with them.

Work as an Option

For some older women, working is a financial necessity. For others, it is a way to supplement their income, to meet people, to stay active, and to structure their time. Others find that a second career enables them to pursue new opportunities.

Employers are often interested in hiring older workers, whom they perceive to be more responsible, more loyal, and more likely to fulfill their duties. However, some unenlightened employers may feel that an older worker is a liability. Thus, older job-seekers must accentuate the positives associated with age: experience, knowledge, and dedication.

There are seven less-than-full-time ways that retired people may continue to work, including:

- Phased retirement, in which you gradually decrease your work hours without decreasing pension benefits.
- Part-time work in a variety of environments, from the service sector to consulting positions with large firms.
- Job sharing, in which two workers divide the duties of one. Often, these arrangements must be defined and proposed by the workers interested in sharing a job.
- Flextime programs, in which all workers are in the office for core hours, although they may come and go earlier or later than their colleagues.
- Seasonal work, especially during the holiday season and the summer, when many companies hire additional workers.
- Temporary agencies, a viable way to find full- or part-time work without making a commitment to one employer. Such employment can give you the opportunity to explore different kinds of work environments.
- Volunteer work, which in addition to boosting the good of your community or its citizens, can also help you to develop skills, contacts, and leads for paid employment.

Adapted from
Think of Your Future.

Sara: The Sandwich Generation

While many of her peers were marrying and having children, Sara spent her twenties traveling, living independently, seeking out the things she most liked, pursuing her interests in the arts, and advancing her career. Now, when her fortyish friends are sending their children off to high school, work, or college and returning to work themselves, Sara tries to maintain a balance between her full-time career and the responsibility of raising a four-year-old child.

The Role List: Roles that Describe Me

Every woman performs many roles throughout her life, sometimes at the same time. Complete the following sentence ten times, each time using a different word that describes a role you play in your life. The words in parentheses are simply suggestions. Fill in the blanks with words that most describe you.

I am a _____

(wife, mother, daughter, sister, lawyer, doctor, golfer, American, traveler, volunteer, farmer, etc.)

●

While we play these roles, we often dream of other roles we'd rather fill. Complete the following sentence with five different roles you'd like to play.

I have always dreamed of being a

_____.

(dancer, acrobat, teacher, lawyer, doctor, entrepreneur, school board member, tennis pro, restaurant owner, actress, etc.)

●

Sometimes, it's not so much a role that we want to play as it is something we have always dreamed of doing: seeing the sun set behind the Egyptian pyramids, joining the Peace Corps, running for county executive or the school board. Complete the following sentence with five things you've always wanted to do.

I have always wanted to

_____.

(travel, own my own business, sing in public, see a show on Broadway, speak Italian, etc.)

●

To help you think of things you'd like to do, you might think of the things you never have time to do now because you are busy with a career or family or friends. Fill in the following sentence . with five different answers.

I am so busy these days, I never have time to

_____.

(read, write the great American novel, paint watercolors, work for the homeless, lobby Congress for something important, etc.)

Often, we find our dreams in our regrets. Fill in the following sentence with five different things that describe the person you always wanted to be, the things you always wanted to do, the moments you'd have done differently if you had time to do them again.

If I could rewrite my life, this time around I would

(get my college degree, live in another state, sail around the world, help young people in schools, etc.)

The Action List: How to Get There

Review your wish or dream lists about who you might be or what you might do. Retirement can be the time for you to realize some of those dreams. In the space below, write the steps you need to take to reach your goals. Do you need to continue your education? Work in a different field? Join a local volunteer agency? Move to another city? Save more money? Talk to your spouse or partner? What action can you be taking now? Who can help you plan the steps you need to take?

At the same time, she observes her parents, who retired at 60 after years of planning, as they enjoy what she describes as "Camp All-Year-Round." And she watches, with some sadness, as her 93-year-old grandmother increasingly loses her independence as the result of physical ailments.

In short, Sara is a part of the sandwich generation, that generation of adults who are still raising children or teenagers while simultaneously dealing with the concerns of aging parents and, in some cases, grandparents.

"The thing I would most like to have is time—time for my child, time for my family, time to develop other interests," she says. As it is, her time is divided between work and family. In between, there is no time to spare.

"The thing I would most like to have is time—time for my child, time for my family, time to develop other interests," she says. As it is, her time is divided between work and family. In between, there is no time to spare.

She has, however, devoted some time and money to planning for the future. Since 1980, she has contributed to various retirement savings plans and is now a regular contributor to her company's Keogh plan.

"My family instilled in me the value of saving and of having money in the bank. There is also lots of longevity in my family. Both of my grandmothers are now in their nineties. I've watched many great aunts and uncles grow older and become ill. I've seen the costs associated with growing older, with caring for older people, so I know that saving is important."

At the same time, she and her husband have had to set up other savings mechanisms, anticipating the day when their four-year old will head off for college. "It would help if he could win a scholarship," she jokes.

Sara has many models on which to base her eventual retirement. Her parents remain very active, playing sports, attending cultural events, taking classes. Her in-laws, both in their seventies, continue to work. Her grandmother, although physically frail, is mentally quite alert. In short, to Sara, retirement is just another phase of life, a time that she hopes to enjoy by laying the foundations now.

Regardless of the type of work you are seeking, assess your skills, talents, and experience before sending out your resume or going on your first interview. The experience skills worksheet on pages 16-17 will give you a starting point. Add these qualities to your resume and be sure to emphasize them in the interview.

If you know that you want to work but don't have a specific field or profession in mind, you may want to take a career development course through your local community college or consult a career counselor. You may want to start by reading books on careers available at your local library. Your local area office on aging can refer you to appropriate career counseling groups.

AARP sponsors an employment planning program, AARP WORKS, a seven-session series of job search workshops designed to help midlife and older people prepare to find jobs. These programs are led by AARP volunteer teams and community agencies. AARP WORKS can show you the impor-

"I Can ..." Experience Skills

Check the boxes that describe things you can do.

Working With Data and Information

Numerical/Organizational:

- ☐ Manage budgets/money
- ☐ Prepare financial/bookkeeping reports
- ☐ Allocate resources
- ☐ Compute/calculate numbers
- ☐ Plan finances
- ☐ Meet deadlines
- ☐ Accept responsibility
- ☐ Follow through
- ☐ Organize records: classify/file/process
- ☐ Make arrangements/contacts
- ☐ Implement decisions
- ☐ Coordinate
- ☐ Systematize

Problem Solving:

- ☐ Gather information
- ☐ Clarify problems
- ☐ Anticipate problems
- ☐ Organize and classify
- ☐ Evaluate
- ☐ Analyze
- ☐ Troubleshoot
- ☐ Test ideas
- ☐ Critique
- ☐ Review
- ☐ Diagnose/find the root of a problem

Observational/Analytical:

- ☐ Appraise
- ☐ Observe/reflect
- ☐ Learn quickly
- ☐ Reason and abstract
- ☐ Perceive potential in others
- ☐ Assess

Working With People

Leadership:

- ☐ Initiate
- ☐ Persist
- ☐ Confront problems
- ☐ Plan and promote change
- ☐ Lead others
- ☐ Motivate groups
- ☐ Inspire others
- ☐ Chair meetings
- ☐ Persuade
- ☐ Influence others
- ☐ Sell
- ☐ Negotiate and bargain
- ☐ Debate
- ☐ Promote ideas/products
- ☐ Reconcile conflicts
- ☐ Mediate

Management:

- ☐ Manage responsibility
- ☐ Delegate responsibility
- ☐ Plan and forecast
- ☐ Design and develop programs
- ☐ Establish procedures and/or organizational structures
- ☐ Implement policies
- ☐ Direct and supervise
- ☐ Review and evaluate others
- ☐ Develop potential in others
- ☐ Organize and coordinate others
- ☐ Hire and build teams

Communications/Public Relations:

- ☐ Communicate
- ☐ Write reports/letters/memos
- ☐ Converse
- ☐ Speak to a group
- ☐ Edit
- ☐ Read
- ☐ Write: imaginative/promotional
- ☐ Tell stories
- ☐ Translate and explain
- ☐ Define
- ☐ Summarize
- ☐ Demonstrate
- ☐ Perform in public
- ☐ Make radio/TV presentations

Helping/Human Relations:

- ☐ Care for others
- ☐ Empathize
- ☐ Listen and understand
- ☐ Counsel and guide
- ☐ Work with a team
- ☐ Motivate others
- ☐ Advocate/negotiate for others
- ☐ Collaborate

Instructional/Educational:

- ☐ Brief and explain
- ☐ Teach and tutor
- ☐ Advise and inform
- ☐ Train
- ☐ Lead and facilitate
- ☐ Illustrate concepts with examples

Working With Things

- ☐ Clean
- ☐ Shape
- ☐ Lift
- ☐ Balance
- ☐ Operate equipment
- ☐ Use tools
- ☐ Assemble
- ☐ Install
- ☐ Build
- ☐ Move

tance of employment planning, especially with regard to today's changing business climate. It can help you to redefine your skills, interests, and work experiences in a more flexible, creative manner, and it can give you an opportunity to learn and practice effective job search techniques. For more information about this program, contact AARP's Work Force Education/Worker Equity Department at 601 E Street, N.W., Washington, DC 20049.

For low-income people aged 55 and older who are seeking employment, AARP is one of the national contractors administering the Senior Community Service Employment Program (SCSEP) in communities across the country. SCSEP is funded by the U.S. Department of Labor. It provides temporary work experience for older people who are below the federal poverty line while helping them seek permanent or full-time positions elsewhere. If you find a job through SCSEP, you will work for 20 hours per week at a nonprofit or public service agency, where you will receive on-the-job training to improve your marketable skills. Thirty-four states have active SCSEP programs. For information about the program nearest you, contact Glenn Northup at AARP, 601 E Street, N.W., Washington, DC 20049.

The Job Training Partnership Act (JTPA) of 1982 is a source of federal funds for training and employment in the private sector. Various sources of funds in JTPA can be used to assist people 55 and over who qualify for the income limits. Most older workers served through JTPA have been in "Three Percent Programs." Your state employment service or city Agency on Aging can help you find out if you qualify for JTPA funds.

Single Parent and Displaced Homemaker programs offer counseling, job-readiness classes, classroom training, and information and referral to other community resources. Contact the Displaced Homemakers Network at 1411 K Street, N.W., Suite 930, Washington, DC 20005.

Perhaps your retirement will give you an opportunity to start your own business. Many federal, state, and local government programs are available to help you. The Small Business Administration has services and programs geared to entrepreneurs. One program, SCORE (Service Corps of Retired Executives), offers advice to entrepreneurs. You can also contact your local bureau of trade or chamber of commerce which will have valuable information. They can put you in touch with networks of people in similar fields.

Before writing or updating your resume or starting on your job hunt, complete the Career Self-Assessment on page 19.

Volunteer Work

Thousands of organizations and people across America rely on volunteers to get the job done. Volunteers are and will continue to be an important force behind many social programs. If you have the time to volunteer, many good causes need you.

For example, many hospitals have programs for people interested in providing in-hospital nurturing to abandoned and frail infants. The very old are often lonely and housebound. Communities have visiting companion programs to provide such people with company and conversation. There are also programs to call the housebound elderly who live alone to make sure that they are all right. Meals-on-Wheels thrives through the efforts of volunteers

Career Self-Assessment

My formal education includes

_____.

My on-the-job training experiences include

_____.

I have pursued continuing education opportunities, such as

_____.

As a volunteer, I have honed my skills in

_____.

I am good at or enjoy working with

_____.

In my last position, my primary responsibilities were

_____.

I was best at

_____.

I had some trouble

_____,

but I met this challenge by

_____.

Although I am retired, I would like to work in

_____

because

_____.

I have a lot to offer an employer, including

_____,

_____,

_____, and

_____.

around the country. Call your local area office on aging or local voluntary action center to find out how you can help.

America's schools are, for the most part, in desperate need of mentors who can tutor and guide young children. If you didn't have time to be active in your own children's schooling, perhaps a young child today can benefit from your experience and attention.

Many women find satisfaction and reward in volunteering to assist women's organizations in their communities, especially organizations that work to improve the lives of women. Shelters for homeless and battered women, as well as counseling and career development centers, are often in need of volunteers who can bring empathy and dedication to their work.

For people seeking paid employment, volunteerism can provide valuable job skills and may lead to contacts who can help you make this transition. If you use your imagination, the list can be endless.

People over the age of 50 can register for AARP's Volunteer Talent Bank, a database used to match volunteers with organizations in need of help. AARP reviews and selects the organizations that participate in the Talent Bank and receive volunteer referrals. Such organizations include the Girl Scouts of the U.S.A., the American Red Cross, Recording for the Blind, and the U.S. Park Service. (Information on how to register is included in the recommended resources, page 75.)

Continuing Your Education

Education is a lifelong process. A midlife woman may pursue further education for a variety of reasons: to improve her employment prospects or pursue a new career or simply to learn more about subjects that interest her. In fact, many women find in retirement that they finally have time to complete degrees left unfinished when child rearing or work responsibilities interrupted their educations.

Education has no age limits. William Raspberry, a syndicated columnist, tells the story of a woman who was thinking about pursuing her lifelong dream of becoming a lawyer.

"The problem is, in three years, when I graduate, I'll be 50!"

"And how old will you be in three years if you don't go to law school?" her friend replied.

You may have similar apprehensions about going back to school. However, today's campuses educate scores of nontraditional students, especially older people seeking additional degrees or advanced education to enhance their professional development. The positive experiences described by Evelyn, a master's degree candidate at Princeton, may encourage your own return to campus. (See page 21.)

Many American colleges and universities have established programs to help midlife and older women return to campus. These programs can help you with the transition from employed woman or homemaker to full-time student. They can also help you navigate the ins and outs of financial aid.

Evelyn: A Retired Teacher Goes Back to School

Shortly after the birth of her first grandchild, Evelyn became a sixtyish master's degree student at Princeton's School of Divinity. She hopes to become an ordained minister so that she can "perform rites and ceremonies for people who are considered undesirable, to make life better for them."

Evelyn does not see her call to the ministry as being very far from the calling of her first career as a public school teacher for 31 years.

"Teaching is a ministry," she explains. "I saw students getting into more and more trouble—incarcerated or killed—because of the system, because of drugs. I started volunteering my time as a counsellor at the local jail. I knew then that this was a calling. That's when I decided to go to Princeton."

As an African-American woman, she felt the need to help younger members of her community, especially those young men for whom violence had become a way of life.

She also decided to go because she felt a spiritual call. "There was a void in my life that needed to be filled. So my next career will be as a chaplain at a metropolitan correctional facility."

Her decision to find a second career stemmed in part from the inadequacy of her teacher's pension. However, her late husband's retirement benefits had provided her with a comfortable living.

"I needed to work until I was 62 to get 80 percent of my pension. Because I retired at 55, I got only 60 percent. But I'm not doing this for the money. I feel called to reach out to those who are less fortunate, who are victims of the system.

"When you think about it, going back to school is frightening. I'm in an Ivy League situation, which is very demanding. But I've been able to handle the curriculum and make A's and B's. I feel comfortable at Princeton."

Part of her comfort stems from the great support and admiration younger students shower upon her.

"I love the way they call my name!" she laughs. "The young people have been an inspiration. They tell me that there must be some mix up on my birth certificate. It's the most fun I've ever had."

She has also established a second career club at Princeton that meets every week to compare notes and to socialize. "I know that some of the people I've met in the club will be my friends forever."

"Everything you do is scary. Every step you take in life, you're going into the unknown: getting married, buying a home, having children. You have to think of challenges as getting the best of things and know that things will turn out all right."

The hardest part in what she has done has been to move away from her family, especially her daughter and grandchild. However, she still maintains a small apartment in her daughter's home, where she stays during semester breaks.

For other women who are hesitating before making the leap, she offers this advice. "Everything you do is scary. Every step you take in life, you're going into the unknown: getting married, buying a home, having children. You have to think of challenges as getting the best of things and know that things will turn out all right."

Seeing the World: Travel to Enjoy the Time of Your Life

Many people find excitement, friendship, and a change of pace through travel, either in the United States or abroad. Whether you are a seasoned world traveler or have never been far from home, you may want to see more of the world as you grow older, and as your responsibilities for family, spouse, or employment lessen.

One way to combine travel and education is the popular Elderhostel program. Elderhostel permits adult learners to travel to colleges and universities around the world and combine travel and education.

You can also start in your own backyard. Most of us never have a chance to explore the landmarks and attractions of our own cities and towns. Call the local chamber of commerce and ask what they'd recommend to tourists. Most states have informative and useful tourism boards.

Whatever you find yourself doing in your retirement years, ideally you will be doing the things you choose to do.

Recreation and Sports

Sports and exercise will ensure your good health and fitness. Find out what kinds of activities you enjoy, and start to pursue them now. That way, you'll be in good shape as you become older.

If you don't know where to begin, consult your doctor or contact the President's Council on Physical Fitness and Sports. They have a number of free booklets and pamphlets to get you started. More information on fitness and exercise appears in Section Two.

SECTION 2

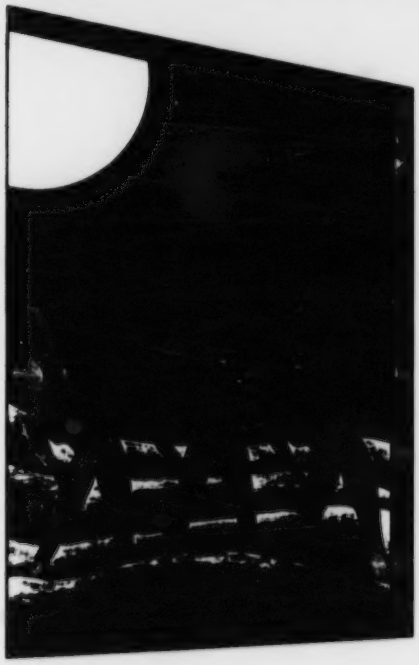
HEALTHY HABITS NOW FOR A HEALTHY LIFE LATER

A lifetime of healthy habits can often pay off in a lifetime of good health. The more attention you pay to keeping or developing healthy habits now, the healthier you'll be as you grow older. Staying in general good health will also help you to recover faster should you become ill.

The key components to achieving or maintaining a healthy lifestyle are nutrition and exercise. In addition, for the midlife woman who faces the stress of balancing work, family, and friends, stress management can be a way to eliminate or reduce some common health problems.

Regular check-ups are essential to every woman's health. Breast cancer, one of the most easily treated kinds of cancer, has reached epidemic proportions. According to the National Cancer Institute, approximately one out of ten women will develop breast cancer. Fortunately, breast cancer can be detected very early through a combined program of mammograms and regular self-examination.

The primary killers of women are heart disease and cancer. Osteoporosis, a loss of bone mass that creates brittle and easily broken bones, also poses a health threat to many older women. Although some of the risk factors associated with these diseases are unavoidable, others can be controlled through that four-letter word: diet.



Another prevention tactic is exercise, which will strengthen your muscles and hence your bones. Exercises that tone the muscles improve your appearance as well, so that you not only feel great, but you look good, too.

This section presents strategies for keeping your body and mind healthy through a balanced diet, regular exercise, and stress management. It discusses the kinds of changes you can expect to encounter as you age. It reviews common health problems of midlife and older women and how you can prevent or reduce them. It also looks at up-to-date treatments for health problems common in later life. Finally, it discusses emotional and psychological issues that accompany aging.

YEARS OF PREVENTION = YEARS OF GOOD HEALTH

Diet: A Four-Letter Word That Can Save Your Life

A proper diet does more than ensure that you maintain your correct body weight and consume necessary nutrients. A good diet can help prevent or slow many health problems such as heart disease, cancer, and osteoporosis.

As people age, their daily caloric intake must decrease if they are to maintain their weight. Although your caloric requirements decrease, your need for important nutrients and minerals does not. Older people, like everyone else, should consume four servings of fruits and vegetables, four servings of breads and cere-

als, two servings of meat and fish, and two to four servings of dairy products each day. Based on your own physical health and dietary requirements, your doctor may recommend some changes in this general guide.

Good nutrition and good health depend on the following steps published by the National Cancer Institute:

- Maintain your ideal weight. A general rule of thumb is that you should weigh 100 pounds plus five pounds for every inch over five feet. Thus, a woman who is 5 feet 4 inches should weigh something close to 120 pounds.
- Avoid too much fat, especially saturated fat and cholesterol.
- Eat foods that contain adequate starch and fiber.
- Avoid too much sugar.
- Avoid too much sodium.
- Drink alcohol in moderation.

Your risk of developing some diseases, such as heart disease, cancer, and osteoporosis, can be reduced by paying more attention to the foods you consume and consuming foods that are good for you.

Some dietary and fitness steps to reduce your risk of heart disease are very basic: Stop smoking. Control your weight. Decrease the amount of fat and salt you consume. Drink less alcohol. Exercise more. Not smoking will also decrease your risk of developing lung cancer.

Cancer is another leading cause of death among women. Each year, more than 80,000 women die from breast and lung cancer. Like heart disease, certain factors over which you have no control may predispose you to cancer. Diets high in fat, however, increase your risk. So does obesity.

The National Cancer Institute, a branch of the National Institutes of Health, suggests that a diet geared toward preventing cancer should be high in fiber from whole grain breads and cereals, fruits and vegetables, and peas and beans and low in fat. Eating lean cuts of meat and cooking poultry without the skin, as well as broiling and baking foods, rather than frying them, also reduce the fat content of your diet. Rich desserts and other baked goods should be limited to special occasions.

To help prevent osteoporosis, post-menopausal women should consume at least 1,500 milligrams of calcium daily. Good sources of calcium are milk and other dairy products, sesame and sunflower seeds, dark green leafy vegetables, such as broccoli, kale, and turnip greens, and certain beans. If you have trouble consuming calcium-rich foods, try a calcium supplement.

Cooking for One

If you should find yourself among the majority of women who live alone, be certain that you don't shortchange yourself nutritionally. Cooking for one can sometimes be more of a challenge than cooking for four. *Think of Your Future* recommends the following strategies so that you eat well and become your own favorite dinner partner.

- Establish a routine for meals that suits you.
- Make your environment pleasant during meals: set the table, sit down, take your time, read, or listen to music.
- Keep a shopping list and establish a routine for shopping so that you don't become an impulse buyer.
- Prepare larger quantities of favorite dishes and freeze extra portions for future meals.
- Look for meals-for-one cookbooks and experiment.

- Plan inexpensive meals that you can prepare for company or host potluck meals for friends regularly.

Remember that sound nutrition is a key to good health: take care of yourself.

Exercise and Fitness: Enhancing a Healthy Diet

Thirty minutes of simple exercise three times a week can work wonders for your physical and emotional health. Regular exercise strengthens the cardiovascular system, reduces the risk for osteoporosis, minimizes the effects of emotional stress, and helps you maintain (or reach) your ideal weight.

Before embarking on a fitness routine, have a physical checkup and discuss your plans with your doctor. Women who are overweight or who have high blood pressure or other cardiovascular problems should be especially careful before beginning an exercise program. If you become short of breath or have pains in your chest while exercising, stop and report these symptoms to your doctor.

The first step to establishing an exercise routine is to find an exercise that you enjoy, one that fits into your schedule and that you can participate in frequently. Mountain climbing, for example, may not be an option for most women, but walking is. According to the President's Council on Physical Fitness, briskly walking one mile in 15 minutes burns an almost equivalent amount of calories as running a mile in 8½ minutes. Walking is cheap (no club memberships, no equipment), requires no special clothing other than a sturdy pair of walking shoes, and can be done anywhere.

Another step in establishing an exercise routine is to find a companion with whom you can exercise routinely. This tactic can help you stay with an exercise program, in part because of the companionship and in part because you've made an exercise commitment with someone else.

Many women enjoy aerobics classes, offered by many community recreation programs and fitness centers. Older women, especially those who have problems with their knees and hips or who are overweight, may prefer low-impact aerobics to reduce their risk of injury. Many communities and recreational facilities now offer water aerobics, an excellent choice for people who suffer from arthritis. Because water supports the entire body, the risk of injury is low.

If your community does not offer aerobics classes, there are many videotapes from which to choose. Some videotapes may be available at your local library or video rental store. Try a few before buying one. Many women prefer video aerobics because they can be done at home and at their own pace. In fact, you may even be able to persuade your spouse or a friend to join you.

Other good exercises include cycling, jogging, swimming, tennis, and golf. Persuade your spouse or partner to become your exercise companion. You might even consider signing up for a dance group or taking tennis lessons together.

Before exercising, warm up for five to ten minutes using stretching exercises. After exercising for ten to twenty minutes at your target heart rate, cool down for five to ten minutes.

STRESS-BUSTING

Stress can rear its ugly head in any number of situations: traffic jams, financial troubles, arguments with relatives or friends. In primitive cultures, stress was a survival mechanism. When a wild beast attacked, a stress reaction enabled a person to flee or fight back. Nowadays the wild beasts that attack us come in the form of relationships, family, work, traffic jams, money, and so forth.

Manage Your Stress Before It Manages You

If you have physical problems, stress can worsen your symptoms.

Alexandra Sullivan, a health consultant who specializes in stress management and women's health, recommends the following techniques to reduce the physical and emotional toll stress can take:

- Practice a relaxation activity, such as deep breathing.
- Play, not necessarily as you did when you were a child, but in a way that makes you happy and takes your mind off your troubles.
- Manage your time so that you don't neglect yourself for the sake of work, family, or home.
- If your stress is being caused by an unhappy relationship, talk it out with your partner.
- Increase your self-esteem. Alexandra suggests bypassing self-incriminating thoughts such as, "If I'm not on top, I'm a flop," and concentrate on the positive achievements in your life.
- Take one of nature's four tranquilizers: listen to music, laugh, exercise, or have sex.

At the Heart (and Mind) Of the Matter

An older person can develop new ways to cope with life's changes and transitions. This is good news for midlife women confronting significant life changes, such as divorce or the death of a spouse, retirement, or changes within the family as children become adults or parents die.

"A person's potential for change is no less at 85 than at 35," says Dr. Suzanne Griffin, a psychiatrist in private practice and clinical assistant professor of psychiatry at Georgetown University.

"Older people are not that different psychologically from younger people. Their psychological make-up is no different, although their concerns may be more on the multiple losses that accompany aging," says Dr. Griffin.

Many women find midlife changes liberating, for example, when child-rearing responsibilities end and they are free to pursue a career, education, or other interests. They feel energized by the changes of midlife and view their lives in a positive way.

Others see such change as a loss. "These women see aging as a real loss, the loss of affiliations they have had for twenty or thirty years," Dr. Griffin explains. This sense of loss is no less real than the loss that accompanies the death of a spouse, parent, or close friend.

Midlife women may want to question the suggestion that the emotional ups-and-downs they experience are being caused by the hormonal changes of menopause. Nothing in scientific research indicates that menopausal women are any more likely to suffer from depression than women at any other age. However, women who are experiencing symptoms of depression (see box) should talk to their physicians. Depression can be a symptom of underlying physical ailments.

People who find themselves overwhelmed by the changes that life brings—from the loss of a career to the loss of a spouse—often benefit from counseling or from psychotherapy. Many communities now offer counseling centers where people can find support groups to help them cope with midlife changes.

"We used to think that people were very rigid psychologically. However, even people in their 70s and 80s can change through psychotherapy or counselling and can find such therapy worthwhile and useful," Dr. Griffin says.

Therapy or counseling can help women work through their reactions to change, especially if their reactions are leaving them unable to cope with their lives or are making them depressed.

Symptoms of Depression

Depression is a very common response to stressful life events, especially the loss of a spouse, parent, or friend or a major life change. Known as reactive depression, such depression lessens over time and as the grieving process ends.

However, a lingering depression or sadness may require professional help. If your sense of sadness does not dissipate over time, you may find that talking to a counselor will help you to better cope with your loss. Don't let depression rob you of some of the best times in your life.

The symptoms of depression are not always easily recognized. If you experience at least three of the following symptoms over a two-week period of time, discuss them with your physician. He or she can recommend appropriate treatment.

- sad or "empty" mood
- loss of pleasure or interest in activities or people you usually enjoy
- decreased interest in sex
- decreased energy or an increased sense of fatigue
- sleep disturbances, either too much or too little
- eating disturbances, either gaining or losing weight
- trouble concentrating, remembering, or making decisions
- a sense of guilt or worthlessness
- persistent thoughts of suicide or death
- irritability
- excessive crying
- chronic aches and pains that have no underlying physical cause

Adapted from *Depression: Effective Treatments Are Available*, Alcohol, Drug Abuse, and Mental Health Administration, 1990. DHHS Publication No. (ADM) 90-1652.

MIDLIFE FACTS OF LIFE: WHAT YOU SHOULD KNOW ABOUT MENOPAUSE

Menopause is often shrouded in the mystery our society tends to associate with sex and reproduction. Learning about menopause, especially before you experience it, can alleviate your concerns and worries.

At its most basic level, menopause marks the end of a woman's child-bearing years. The menstrual cycle stops completely and with it, ovulation, the process that occurs each month as the mature egg passes from the ovaries to the uterus.

The menstrual cycle is triggered and regulated by two hormones, estrogen and progesterone. As a woman grows older, the body decreases the amount of estrogen it produces. When this happens, menstrual periods become irregular and eventually stop altogether. Because the cycle of irregular periods may go on for a few years before menopause, it is important to understand that you can still conceive.

Menopause causes several physical and emotional changes. For example, many menopausal women experience hot flashes. Hot flashes happen very quickly and cause the upper body to suddenly feel very warm. If the flashes are extreme, you may want to seek estrogen replacement therapy.

Because of changes in the vagina, you may have trouble with vaginal dryness. You can easily overcome this with the use of lubricating jellies. Recently, an over-the-counter vaginal suppository has been introduced that helps women lubricate for several days. You may find it less cumbersome or messy than more traditional lubricants.

Other physical changes are the loss of bone mass, an increase in facial hair, and a redistribution of body fat. Some women experience all of these changes; others, only some or none at all. In any case, they are natural changes. If you have concerns, talk to a physician whom you trust. He or she may be able to offer the treatment and the reassurance you need.

Although some women feel freed by the end of menstruation, by no longer having to be concerned about bearing children, others find this a depressing and unsettling change. Some women experience nervousness, irritability, and sleeplessness. Discuss your symptoms and feelings with your physician, a professional counselor, or close friends who are experiencing similar changes.

Coping with Menopause: Estrogen Replacement Therapy

Many women whose menopausal symptoms are extreme or uncomfortable benefit from estrogen replacement therapy, also known as ERT. Doctors prescribe low dosages of the hormone estrogen, supplementing what the body no longer makes. It is most useful in treating hot flashes, vaginal irritation, and osteoporosis.

ERT, like any drug therapy, is not appropriate for every woman. Discuss ERT therapy with your doctor and be sure to understand its benefits and risks. ERT has been linked with some types of cancer and heart disease.

COMMON HEALTH PROBLEMS AND HOW TO PREVENT THEM

Heart disease

Heart disease is the number one killer of American women. Your likelihood of having heart disease is related to your age, gender, race, and family health history. If you have close blood relatives with heart disease, your odds of developing it increase.

You can take a few steps to reduce your chances of developing heart disease. The best way is to stop smoking. If you need help to stop smoking, the American Lung Association, the American Cancer Society, or the National Cancer Institute can all help guide you to support groups and classes. Their phone numbers are listed in your phone book. In addition to not smoking, watch your diet (see page 23) and exercise regularly. Have regular physical examinations so that your doctor can detect and treat as early as possible any cardiovascular problems you may develop.

If you have been diagnosed with high blood pressure, take any medications prescribed and follow your doctor's orders concerning diet. Many people stop

taking their high blood pressure medicine once they begin to feel better, not realizing that the medicine is what has made them feel better in the first place. Checking your blood pressure should be a regular part of your annual check-up.

Breast Cancer

Breast cancer is one of the leading causes of death in women. Breast cancer, detected early and treated aggressively, does not have to be fatal. The key to early detection is regular breast self-examination and mammograms. To learn how early detection saved one woman's life, read about Sherry.

The American Cancer Society has a free, waterproof card to hang in your shower that will show you how to examine your breasts. Call 1-800-ACS-2345 and ask for the breast cancer self-examination card.

Mammograms, a procedure that X-rays the breast, can detect minute changes. All women over the age of 35 should have a baseline mammogram made for comparison with future mammograms. If your doctor doesn't bring up the subject, you should. It can save your life.

The National Cancer Institute recommends that women have a mammogram every year or every other year, depending on her risk of developing breast cancer. After a woman has reached 50, she should have a mammogram annually.

Women who have had breast cancer before or those whose mothers or sisters have had it are far more likely than other women to develop breast cancer and should be especially diligent in early detection activities.

Many women fear mammograms because they have heard that the procedure is painful. In the hands of a skilled and empathetic technician, however, a mammogram is painless. The brief compression of the breast may be uncomfortable, but it is nothing to fear.

Some communities now offer low-cost screenings to low-income women. If income is preventing you from having a mammogram done, ask your doctor whether or not such a service is available in your community. If you participate in an employer's group health plan, ask if the plan covers mammograms.

Sherry: The Life You Save Will Be Your Own

There was a time when Sherry, a 62-year old editor, didn't expect to live to see her retirement. Several years ago, during a routine physical, her doctor found a lump in her breast.

"My first reaction was, I'm going to die. My second reaction was, why me? But the most traumatic thing was having to tell my daughters. I remember feeling that I wouldn't live to see how the stories of their lives turned out."

One afternoon, while praying in her church's garden, Sherry began to feel that she would be okay, no matter what happened to her, and that it was up to her to seek the best available treatment. This determination, coupled with what she describes as "a great surgeon, a supportive family, and a church congregation that prayed for me," hastened her recovery.

Indeed, after a mastectomy and continued treatment, all traces of the breast cancer are gone. However, during the course of another

routine examination, a doctor discovered that Sherry had colon cancer. Once again, Sherry was determined to recover.

At the time of her diagnosis, Sherry and her husband were two months away from making a long-planned journey to Germany and a tour of Europe, where they had honeymooned more than thirty years earlier. She told her husband, "I don't care if you have to wheel me through the Louvre, we're going."

At the time of her diagnosis, Sherry and her husband were two months away from making a long-planned journey to Germany and a tour of Europe, where they had honeymooned more than thirty years earlier. She told her husband, "I don't care if you have to wheel me through the Louvre, we're going."

Together, she and her husband of 33 years followed her physician's instructions and worked to hasten Sherry's recovery. Although she had to take frequent rests during their tour, she made the trip on her own two feet.

Today, Sherry and Stan are planning for their retirement years together. She expects that because of their shared interests in "everything from bird-watching to Wagner" even after she has retired, they will never be bored. If nothing else, family matters will keep them busy. Stan helps to care for his elderly parents, an 84-year old mother who has suffered from Alzheimer's for the past 16 years and his 91-year old father who is mentally alert but physically frail.

"It has been devastating to watch this slow, terrible death, this unending grief," Sherry says, as she describes the ravages of Alzheimer's.

At the same time, Stan and Sherry have recently welcomed their first grandchild. "I am crazy in love with that child," she says. "My daughters were great and wonderful, but my grandson stretches my soul. Just teaching him to blow the seeds off dandelions is wonderful. He has added to the store of my days, and I am glad I have lived to see all of this."

Sherry's lifelong attention to good health—a balanced diet, regular check-ups—probably saved her life. Early detection and prompt treatment are important parts of what helped her live to see the ends of the stories she began.

Arthritis

The National Center for Health Statistics reports that 550 women in every 1,000 report arthritic symptoms as they age. Arthritis includes more than 100 conditions, all of which involve an inflammation of the joints. These conditions can be mild, causing only occasional pain or stiffness in very specific areas. They can also be quite severe, causing redness, pain, swelling, and debilitating symptoms.

If you experience any of the following symptoms, the National Institute on Aging recommends that you discuss them with your doctor:

- stiffness in the morning
- pain, swelling, or tenderness in a joint
- recurring or persistent pain in the neck, lower back, or knees
- symptoms that go away for a week or month, only to return

Arthritis treatments include aspirin, which relieves inflammation; acetaminophen, a pain reliever; prescription anti-inflammatory drugs; physical therapy or exercise such as walking and swimming; and surgery to replace joints, especially the knee and hip.

Osteoporosis

As people age, the body begins to break down bone faster than it can make it, causing a loss in bone mass. In women, this process is accelerated during and after menopause. This is because estrogen, which a woman's body gradually stops producing during menopause, helps prevent bone loss.

Although everyone experiences some bone loss, women are more likely than men to develop osteoporosis, a condition in which the bones become more fragile and more easily broken.

Some women are more prone to osteoporosis than others. However, you can reduce your risk by exercising regularly (using a weight-bearing exercise, such as walking or running, that strengthens both your muscles and your bones), and consuming an adequate amount of calcium. The National Institute on Aging recommends that postmenopausal women consume at least 1,500 milligrams of calcium daily. Women should also limit their consumption of alcohol, cigarettes, and caffeine, which accelerate the loss of bone mass.

MANAGING HEALTH CARE COSTS

In the past decade, the cost of health care in America has soared. There are some steps you can take to help contain your own medical expenses.

- Recognize early warning symptoms and have them checked promptly.
- Take advantage of programs offered by free community clinics, health fairs, freestanding emergency clinics, and same-day surgery centers.
- Use any free testing procedures offered by your employer or community agencies, such as blood pressure screenings or diabetes tests.
- Comparison-shop for doctors, comparing fees for services.
- Comparison-shop for prescription drugs.
- Get second opinions for non-emergency surgery or other major medical procedures.
- Schedule non-emergency procedures for weekdays, not weekends.
- Examine all hospital bills thoroughly and question any discrepancies.
- Analyze your health insurance policy to find out whether or not you are adequately insured, over insured, or under insured. If your heath insurance is not adequate for your needs, a health maintenance organization (HMO) might be an option for you to consider.
- Keep receipts for all medical expenses. These expenses may be deducted if you itemize your income tax return.
- Consider purchasing long-term care insurance (discussed more completely in Section Three).

Adapted from
Think of Your Future.

Start now to cultivate your physical and emotional health so that you can reap benefits that last a lifetime.

Charlotte: Trying to Pull It All Together

In the past few years, Charlotte, a single woman in her 40s, has tried to make her life healthier. When the demands of her job as a training manager for a large corporation forced her to travel almost constantly, she decided to begin a new career as a training consultant. Because she now has control over her time and travel, she has eliminated a great deal of stress in her life.

"I try not to worry. I try to think that my concerns will just go away."

She has also vowed to become more physically active and has recently begun a water aerobics class that she hopes will get her back into the exercise routine so important to good health.

Unfortunately, her retirement planning has not come so easily. "I've done nothing, basically. I haven't even put any money in a personal retirement account."

Doing nothing feeds her worries about how she will manage her retirement. Like many women in her situation, Charlotte lives by denial. "I try not to worry. I try to think that my concerns will just go away."

She realizes, of course, that those concerns won't disappear and admits to being very worried about her financial situation when she retires. Because she has never married, she will have only herself to rely on for her financial well-being. She does have a close family and a network of friends on whom to rely for emotional and social support. "It bothers me to think that I might have to work forever, that I'll never be able to retire."

"It bothers me to think that I might have to work forever, that I'll never be able to retire."

There are things she'd like to do in retirement: volunteer in the community, attend the theater more often, enroll in Elderhostel programs, continue her education. First, she must take care of the task at hand: accumulating the financial cushion a retired person must have to live comfortably. While Charlotte has begun an exercise plan to firm up her muscles, she also needs to establish a savings plan to firm up her financial future.

SECTION 3

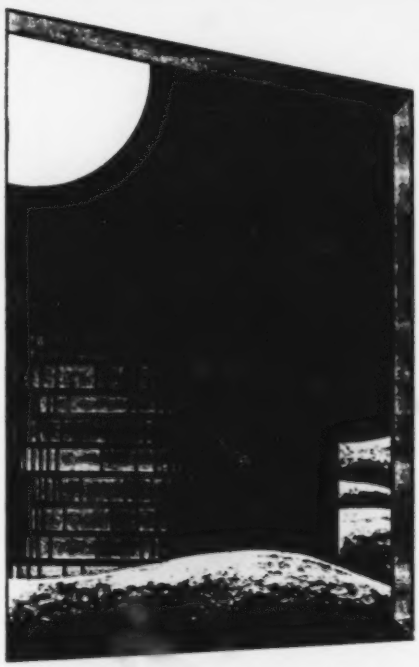
GETTING YOUR (FINANCIAL) ACT TOGETHER

For most people, money is always a concern. This concern seldom lessens in retirement. In fact, if you have not planned for your retirement income, money worries can dictate your retirement years, as you struggle to make ends meet on a reduced income.

Financial security in retirement has been compared to a three-legged stool. The three legs are Social Security, pension benefits, and personal savings and investment income. Many older women make the three-legged stool into an even sturdier chair with the addition of a fourth leg, paid employment. This section will review basic information about these legs (employment was discussed in Section One) and what you can do now to start constructing that stool or chair.

This section also discusses kinds of public and private insurance coverage midlife women should consider so that illness, disability, or death does not leave them destitute.

Even if you've never been able to balance your checkbook or save a dime, it's not too late to



start saving for retirement. If you begin saving now—even in modest amounts—you may be able to save a significant amount over the course of twenty years, depending on the interest earned by the account.

Now is also the time to learn about your eligibility for Social Security benefits. All workers, even those who are self-employed, pay into the Social Security fund, and most are entitled to its benefits. Some benefits, such as disability, can be available before you reach retirement age. Spouse, divorced spouse, and survivor benefits may also be available based on a worker's earnings.

Many women may receive public or private pension benefits, either from their own employment or from a spouse's. Because pension plans can be complex and, in some cases, confusing, it is critical to understand the basic structure of most plans and your rights to them. Divorced women have a special need to know about their rights to a former spouse's pension benefits and how to go about obtaining a share.

The worksheets provided will help you to apply this information to your own situation. Putting your financial affairs in order will steer you on a course to your retirement security.

THE FIRST STEP: PUTTING THE PIECES TOGETHER

The first step in managing your financial affairs is to assemble your personal and financial records. These records can assist you as you budget, save, or invest money; plan your estate; and simply get organized. One easy way to assemble these records is to put them in a three-ringed notebook with pockets and dividers. This

way, the information is in one place and can be easily retrieved.

The National Institute on Aging recommends that everyone keep personal and financial records that are clearly written. Married women should ask their husbands to assemble a similar notebook about themselves, or they may want to assemble a joint notebook. Your personal records section should include the following information and materials:

- Full legal name
- Social Security number
- Legal residence
- Date and place of birth
- Names and addresses of spouses and children or death certificates for those who are deceased
- Location of will or trust
- Location of birth, marriage, divorce, and citizenship certificates or the certificates themselves
- List of employers and dates of employment or a current resume
- Education and military records
- Requests and preferences for burial
- Names and addresses of close friends, relatives, doctors, lawyers, and financial advisors
- Religious affiliation
- Memberships in organizations

Your section on financial records should include the following information and materials:

- Sources of income and assets
- Social Security and Medicare information
- Investment income
- Insurance information on all policies, including life, health, and homeowners
- All bank account information
- Location of safe deposit boxes
- Copies of your most recent income tax return
- Current liabilities
- Mortgages and other debts
- Credit card and charge account names and numbers
- Property taxes
- Location of jewelry or valuable family possessions

Adapted from "Getting Your Affairs in Order," *Age Page*, National Institute on Aging, February 1988.

Having assembled your notebook, you can now review the steps you'll need to take to further plan and organize for retirement.

Budgeting: The Cornerstone of Financial Management

The surest way to gain control of your finances is to budget your money. First, determine how you are currently spending your money. If you can't readily fill in the blanks on the following chart, estimate. If your answers are estimated, put yourself on a "dollar diet" and note your expenditures for one month in a small notebook. Then complete the chart again with more exact figures. You should try to complete the chart both for an average month and for an entire year, either by multiplying the monthly figures by twelve or by calculating certain components more accurately. (Insurance payments, for example, are often made on a semi-annual basis.)

Income (After Taxes)	**Monthly**	**Annually**
Yours (including wages and pensions)		
Spouse's (including wages and pensions)		
Investment income		
Expenses		
Housing		
Food		
Utilities		
Transportation		
Car payment		
Gasoline		
Public transportation		
Insurance		
Health		
Life		
Automobile		
Disability		
Homeowners		
Clothing		
Leisure and recreation		
Charitable contributions		
Other debts		
Credit cards		
Bank loans		
Home equity loans		
Miscellaneous		
Savings		
Personal		
Retirement		
Pension contribution		
IRA		

As you complete this budget, keep your retirement years in mind. Can you complete a budget for your retirement? For many, it is this contemplation that is scary. To take the fright out of wondering what your retirement income will be, review the following sections on budgeting, Social Security, pension benefit plans, and on saving and investing.

PERSONAL SAVINGS AND INVESTMENTS

Judith Brown, a member of AARP's Board of Directors, notes that women often take a different approach to finances than men. Although men may learn to save and invest over a lifetime, women tend to learn these skills only when forced by crisis. Brown says, "Women basically learn about money when they're either divorced or widowed and must learn how to fend for themselves." This guide encourages all women to learn about finances before life becomes a teacher.

Make Savings a Part of Your Budget

The most important rule in budgeting and planning is simple: *Pay yourself first*. No matter how tight your budget or how many bills you have to pay each month, put something into your savings account. As Ben Franklin said, "a penny saved is a penny earned." A dollar saved or invested can turn into dollars paid in dividends. Money in an interest-bearing account pays you over the long-term.

Even if you can only save 5 percent or 1 percent of your income, you will get yourself into the savings habit, one that will pay you benefits in the future.

The sooner you can begin to save, the better off you will be later. Suppose you want to save $100,000 for your retirement and give yourself ten years to do so. You'll need to set aside $575.25 each month (assuming 8 percent interest compounded annually). If you give yourself 20 years, you'll need to save approximately $170 each month. But if you really plan and save for thirty years, you'll only need to set aside $67 each month—which is only a little more than $16 each week. Looked at in these terms, no one can afford not to save. *Note: Because banks vary in how dividends are paid on savings account, ask your banker to explain what your savings will actually earn.*

Most financial planners have traditionally recommended that your rent or mortgage payments not exceed one-quarter of your monthly income. However, in many of today's housing markets, this is not a realistic rule-of-thumb. You may find yourself spending up to one-half of your income on housing. People who are paying more than this often have trouble meeting other living expenses.

Another standard planning rule is not to spend more than 20 percent of your annual take-home pay on regular debt payments, such as for credit cards, cars, or consumer debts. If you are pushing that limit, now is the time to review your spending habits to bring them back into line with your income.

What to Do if Debt Gets You

Before deciding to obtain more credit, you should heed the recommendation of the American Collectors Association that you realistically assess your ability to pay for it. If your expenses exceed your income, obviously, you cannot afford another credit card, a major appliance, or a new car loan. In fact, the ACA advises that you start trimming your expenses.

If your expenses equal your income, you may not be in financial trouble, but could easily find yourself there. In this case, the ACA advises putting extra money into savings, rather than borrowing.

If your expenses are less than your income, you can afford more credit. Before doing so, however, ACA cautions that you weigh the decision carefully. All credit, obviously, must be repaid.

If you are having any of the following problems, the ACA's advice might come a little late for

you. According to the National Foundation for Consumer Credit, some of the warning signals of credit trouble include:

- Your monthly payments for regular expenses, such as cars, houses, and utility bills, are always late.
- Your credit limits are at their maximum.
- Your payments to creditors are irregular or are not the full amounts due.
- You have depleted your savings account to meet normal household expenses.
- You are using one kind of credit, such as a credit card, to pay another debt, such as a phone bill.

If you contact your creditors and are unable to make affordable payment arrangements with them, there are national consumer credit organizations that can help. The National Foundation for Consumer Credit has offices across the country that help consumers manage their debt and get back into the black. NFCC can help you set up a budget and make payment arrangements with your creditors and can provide follow-up assistance.

The Best-Laid Plans Oft Go Astray: Help with Economic Concerns

Despite our best planning, sometimes events get the best of us. A midlife divorce, widowhood, or a disability can leave many women with an inadequate income on which to survive.

A variety of programs are available to help you find employment assistance, including:

- *AARP WORKS*, a seven-session workshop, can help you to hone your job-seeking skills and to redefine your talents and experiences. See page 15 for more information.
- The *Displaced Homemakers Network* provides job training and referrals to women who, because of divorce or widowhood, find themselves entering the work force for the first time or after a long absence. To find out about programs in your local area, see page 18 for this information.
- The *Senior Community Service Employment Program* sponsored by the U.S. Department of Labor helps those who meet age and income restrictions find paid employment with a public service agency or non-profit group and gives you an opportunity to update your skills, seek permanent employment, and supplement your income. To find out about programs in your local area, see page 18 for this information.

The federal government's *Supplemental Security Income* (SSI) program serves as an additional source of income to the elderly, the blind, and the disabled who are unable to subsist on their Social Security income or who are not eligible for Social Security. To receive SSI benefits, you must be 65 or older; blind or disabled; a U.S. citizen, permanent resident, or legal alien; and you must reside in the United States or its territories. You must also meet certain income and asset restrictions.

In some states, qualifying for SSI benefits automatically qualifies recipients for Medicaid benefits and food stamps as well. State funds can be used to supplement SSI benefits, meaning that in some states, benefits are higher than in others. Eight states do not provide SSI benefits at all. The SSI benefit is rarely enough to raise a person's standard of living above the poverty level. Contact the Social Security Administration for more information on SSI benefits.

AARP sponsors the *Women's Financial Information Program* to help midlife and older women handle and manage their financial affairs. The program works to help women build their money management skills, increase their level of financial knowledge, develop confidence in their financial decision-making ability, and gain control over their lives by taking charge of their finances. The program is co-sponsored by community-based nonprofit organizations across the country. The program consists of a series of lecture and workshop seminars in which professionals and trained volunteers address money management issues. To find out about programs in your local area, contact AARP Consumer Affairs, 601 E Street, N.W., Washington, DC 20049.

Nita: Special Financial Considerations of Farm Women

Nita, a retired farm owner, has three tips for women who own farms with their husbands:

- Be a full-time partner. Owning a farm is more than just going into the field every day. It's knowing the farm's financial status, debts, and its commercial operations.
- Be aware of and understand tax laws about farming.
- Know whether or not, in the event of divorce, you are living in a community property state.

Nita bases her rules on conversations she has had over the years with farm women who have known nothing about their farm's business operations, farm legislation that affects their property, or what their plight would be in the event of their husband's death. Farm women must also be sure to pay self-employment tax—which is how self-employed people pay into Social Security—for their husband and themselves.

Nita, now 66, is the first to admit that for a long time, she never thought about such things. In the course of raising children and starting up a farming operation, her planning rarely went beyond getting food on the table.

Nita and her husband became full-time farmers in 1973 after his retirement. However, this was in the midst of a recession, and it became increasingly difficult to make ends meet. Eventually, Nita took a full-time job. Only then did retirement planning became part of her financial vocabulary.

"Each year, regardless of whether or not our bills were paid, I set aside $1,500 in an Individual Retirement Account. Having done that for 11 years, I now have $70,000 in that account earning 9 percent interest each year."

Farm women must know about their farm's business operations, farm legislation that affects their property, or what their plight would be in the event of their husband's death. Farm women must also be sure to pay self-employment tax—which is how self-employed people pay into Social Security—for their husband and themselves.

Nita and her husband now live in a house they bought after selling their farm a few years ago. They also bought a recreational vehicle in which to take trips around the country. Each continues to keep a hand in the activities they enjoyed before retirement. Nita remains active in state and local politics and lobbies Congress on various farm bills. Her husband keeps a vegetable garden and gives the crop to people in need.

"We knew we had to do this. We saw problems our friends and relatives had when they retired and both were home again. We knew we weren't going to sit in a rocking chair. So we're not going crazy, and we still feel that we're very productive. We feel like we're worth something to our community."

Personal Investing: A Word to the Wise

Once you are in the habit of saving (your goal should be to save at least 10 percent of your salary), you can consider making your money work for you in other ways, such as investing. Traditional savings accounts are a good way to begin, but generally they offer low interest rates. Thus, your savings take a very long time to grow.

In addition, inflation can erode your savings by decreasing the buying power of your dollar. Also, except for certain investments such as an Individual Retirement Account, you must pay income tax on the interest you earn. Thus, although your account may earn money, you must pay some portion of it in taxes.

Investments at higher rates of return can make those savings grow faster. One place to start investing is a mutual fund. These funds are offered by professional investment managers who are paid for their services. The investments of many people are pooled and invested in several different investment vehicles, such as corporate and municipal bonds or commodities. One type of mutual fund is the money market mutual fund. This fund is typically invested in government bonds, certificates of deposit, or corporate bonds. The interest earned by these accounts can fluctuate. In addition, funds that are managed by banks and savings and loan associations may be federally insured, while those managed by other groups might not be.

The federal government sells Series EE Savings Bonds that pay a minimum of 6 percent interest. These bonds mature over an extended period of time.

You can also purchase a certificate of deposit (CD) that, depending on the state of the general economy, usually pays a higher interest rate than a traditional savings account. Most CDs require a minimum deposit. Much like a savings bond, CDs do not mature until a specified period of time—which can be anywhere from 6 months to 5 years—has passed. If you withdraw your money before the CD has matured, you must pay an interest penalty. The interest you earn on a CD is taxed.

A home is the largest investment many people will ever make. In fact, a house can provide a source of income. If you have owned the home for some time and its value has increased over the years, you have equity in it.

Suppose, for example, you have only $30,000 left to pay on a mortgage and you sell your house for $100,000. Your equity in the house—your profit—is $70,000.

However, it is not always necessary to sell a house to realize your equity in it. Home equity conversions, such as reverse mortgages, leasebacks or life tenancies, or deferred payment loans are ways to make money from your home without actually selling it. Home equity accounts offered by many lending institutions are another. (See pages 40-41 for additional information about home equity conversions.)

As a homeowner, you can take advantage of deducting the interest on your mortgage payments from your federal taxes. If you sell your principal residence, you can postpone being taxed on any capital gains by either buying or building and occupying a new house within two years before or after the sale of the old house as long as the price you pay to buy or build the new house is at least as great as what you were paid for your old one. In addition, if you rent out your house, you may be able to take an income tax deduction for the depreciation of the house. An accountant can give you more detailed information on how these tax-saving mechanisms could work for you.

People over the age of 55 can also benefit from a once-in-a-lifetime tax benefit if the house they sell has been their principal residence for three of the five years preceding the sale. In this case, you may declare up to $125,000 of capital gains on the sale tax-free. This latter break is governed by complex tax regulations. For example, if you remarry and your new spouse has already taken the $125,000 break, you cannot take it again. Therefore, always discuss your own situation with a tax consultant or an accountant.

Other investments to consider include tax-deferred annuities, single premium whole life insurance, municipal bonds, corporate bonds, utility stock, income-oriented mutual funds, growth-oriented mutual funds and stocks.

A Home Equity Conversion and Line of Credit

Reverse mortgages: Reverse mortgages can provide homeowners with money during their lifetime through a loan made by a lending institution based on the market value of a house. The bank pays a monthly amount to the homeowner. The loan is repaid when the owner sells the home or dies.

There are three kinds of reverse mortgage programs: FHA-insured, public-sector (sponsored by a limited number of state and local government agencies), and private-sector reverse mortgages.

The U.S. Department of Housing and Urban Development explains that there are three features common to all reverse mortgage programs. Interest is added to the balance of the loan, rather than paid, and accumulates. In addition, a lien is placed against your property to secure the loan. The loan must be repaid when the house is sold. However, the homeowner retains ownership of the home; during the length of the loan, the lending institution acts as a creditor.

The differences in reverse mortgage programs come in repayment schedules, the type of loan advances, and the ways in which costs are calculated.

One of the drawbacks to a reverse mortgage is that homeowners hoping to leave a bequest to their heirs may not be able to do so. Another is that the interest associated with a reverse mortgage is not tax deductible.

Because of the complexities involved in reverse mortgages, older homeowners contemplating this option are urged to research the subject thoroughly.

Leasebacks/life tenancies: In this arrangement, the owner sells the property and then "rents" it from the buyer over an extended period of time. Leaseback/life tenancies are often difficult to set up because the investors who would purchase your property realize few tax advantages. For more information, consult your local board of realtors.

Deferred payment loans: These low-interest loans are made to benefit low-income people and

are generally made through state and local government. HUD explains that these loans are made so that homeowners can repair or improve their homes, making them safer, sounder, more accessible, or energy efficient. The owner defers all payments, repaying the loan when the house is sold or the owner dies.

Home equity, credit lines, and second mortgages: Many lending institutions across the country offer these kinds of loans, all of which provide homeowners with cash. Generally, a creditor provides you with a line of credit based on a percentage of the equity you have in your home. An assessor determines the current market value of the home.

As soon as you receive or withdraw money, you must begin to repay it. The interest rates on such loans can vary widely and compound at different rates.

Although you retain the title to your house, the lender has a lien on it. If you default on the loan, the lender can foreclose on your home.

You can deduct the interest on such loans from your taxes if you are using the money to pay for certain expenses, such as medical bills, educational expenses, the consolidation of consumer debt, or home improvements. The IRS also has restrictions on who may take these deductions and the amount of the loan on which they can be based. Consult a tax advisor or accountant to find out about your specific circumstances.

Individual Retirement Accounts, 401(k), and Keogh Plans

Individual Retirement Accounts (IRA), 401(k) plans, and Keogh plans provide other ways to save for retirement. Keogh plans are available for people who are self-employed. IRAs are options for all other people who have an income from work. 401(k) plans are retirement savings plans that employers may offer.

Individual Retirement Account
To further supplement your retirement income, consider opening an Individual Retirement Account. An IRA has two distinct tax advantages for most taxpayers:

- Depending on your annual income or joint income if you are married, a portion of your IRA contribution may be deducted from your taxable income. This would lower the amount of taxes you pay *now*. This deduction also varies depending on whether or not you or your spouse is covered by an employer-sponsored pension plan.
- Unlike the interest on a traditional savings account and most investment vehicles, the interest earned by an IRA is *tax-deferred*, meaning that it is not taxed until you begin withdrawing from the account or have reached a certain age when, presumably, you will be in a lower tax bracket. IRA interest is tax-deferred regardless of whether or not your IRA contributions are deductible.

If you withdraw funds from your IRA before you are 59½ years old, you will be penalized. You must begin to withdraw funds from your IRA by April 1 of the year in which you reach age 70½ or you will also be penalized.

The most a working individual can contribute to an IRA in any one year is $2,000. Spouses must have separate IRAs. If married to a nonworking spouse, your combined contributions to both accounts cannot exceed $2,250 annually.

If you are single or the head of a household and have an adjusted gross income under $25,000, you can deduct IRA contributions up to $2,000. If your income is over $35,000, you cannot deduct your IRA contributions from your taxes.

If you are married and file jointly or are a qualifying widow and if your adjusted gross income is less than $40,000, you can deduct IRA contributions up to $2,000 to each spouse's IRA. However, if only one spouse has employment income, you can deduct a maximum of only $2,250. If your income exceeds $50,000, your IRA contributions cannot be deducted.

If you are married, file separately, and lived with your spouse during the year, you can take a partial IRA deduction only if your income is less than $10,000 and you are covered by an employer's retirement plan. If you are married, but did not live with your spouse for any part of the year, you can file as a single person.

The deductible portion of IRA contributions are different for people who are not covered by a retirement plan at work. For more information on IRAs and to find out whether or not you can benefit from the tax deduction they offer, call the IRS at 1-800-829-FORMS and request Publication 590, *Individual Retirement Arrangements*.

Although changes in the tax code have lessened some of the tax-shelter benefits of an IRA, these accounts still provide a relatively safe way to save money for your retirement. If you open an IRA, a banker or accountant can explain whether or not it can act as a tax shelter for some of your income. To see how an IRA has paid off for one woman, read about Nita on page 38.

Thrift savings or 401(k) plans. If your employer offers a 401(k) plan, consider contributing to it. In such plans, you contribute a certain amount each pay period to a retirement fund. This money is then invested on your behalf. Your contribution will be deducted from your taxable income, thereby lowering the taxes you pay now. Like the IRA, interest earned or dividends paid into this account are tax-deferred until the money is withdrawn. In 1991, you could contribute up to $8,475 to such plans. This amount can vary annually. Your employer or the IRS can tell you what the current limit is.

Some employers permit you to distribute your contribution among different funds, each of which carries a different level of risk. Federal government employees, for example, can distribute contributions to a thrift savings plan among three different investment funds.

Some employers will match employee contributions. It is important to understand that, because your contributions decrease your taxable income, they may also decrease your average salary on which your employer's pension plan benefit calculations are based, as well as Social Security benefit calculations.

Keogh plans. Keogh plans provide a pension savings plan for self-employed people. Like IRAs, the plans are tax-deferred. However, you must agree to contribute a specified amount each year. You cannot decide not to contribute one year. Because of the complexity of such plans, consult an accountant before deciding to invest in one.

SOCIAL SECURITY

Social Security was created as a pillar of Franklin Roosevelt's New Deal. It was designed to ensure that older people would have some income during retirement, when earnings are generally reduced.

Eligibility

You do not necessarily have to retire to receive Social Security benefits. You, your spouse, or your dependent children may receive benefits at any age if you become disabled. If you die, your spouse aged 60 and over may receive benefits. If your spouse is left to care for children under the age of 16 or children who are disabled, benefits are also paid. Dependent children are also eligible for benefits should you retire, become disabled, or die.

Currently, Social Security considers people aged 65 to be at full retirement age. However, beginning in the year 2000, the full retirement age will gradually rise to reach 67 by the year 2026. This change will affect people born after 1937.

You can receive Social Security benefits in two ways: either you are a worker who has paid into the system or you are the dependent (spouse, former spouse, child, parent) of a worker who has. If you are eligible for benefits as a worker and as a spouse, you will receive the higher of the two benefits. You will not receive both.

Social Security benefits are earned by acquiring a sufficient number of Quarters of Coverage (QCs). In 1991, a worker receives one QC for every $540 of earning from employment. The amount changes each year. No more than four quarters can be credited in a calendar year. Workers born after 1928 need 40 QCs to be fully insured; this translates into approximately 10 years of work. People born earlier require fewer QCs.

How Benefits Are Calculated

Several factors are used to determine the amount of your benefit. The monthly Social Security benefit for people born after 1928 is computed based on 40 years of work, although the 5 years of lowest earnings are dropped from the computation.

For every year that a person is out of the work force, a zero is averaged into the benefit calculation. The zero effect has the greatest impact on women, many of whom leave the work force to raise children or to care for a spouse or elderly parents. The zero can be devastating, lowering benefits dramatically.

To find out what your own estimated benefits will be, request and complete Form SS-5, "Request for Earnings and Benefit Estimate Statement." It's available by calling the Social Security Administration at 1-800-772-1213.

In order to calculate the role your Social Security benefit will have in your overall retirement finances, you may want to calculate the *replacement ratio*. This is the percentage of your current income that your Social Security benefits will replace. If your average annual earnings are $10,000, your Social Security benefit as a worker will replace approximately 85 percent of your income. If your average annual earnings are $30,000, you can expect Social Security to replace approximately 35 percent of your earnings.*

* Dale R. Detlefs and Robert J. Meyers, *1991 Guide to Social Security and Medicare*, Kentucky: William M. Mercer Inc., 1990, p. 11.

Effects of Early and Delayed Retirement on Monthly Benefits

Although you can begin collecting Social Security retirement benefits at the age of 62, doing so will reduce your monthly benefit. (If your spouse retires at the age of 62 and you are eligible for a spouse benefit, that benefit will also be reduced.) If you wait until age 65 to collect benefits, your monthly benefit amount will be higher than it would have been had you started to collect benefits at age 62.

The lower monthly benefit is paid to people who apply at age 62 because they will receive an additional three years of benefits, compared with someone who retires at 65. Thus, if you retire at 62, your full benefit payment is reduced by 20 percent; at 63, it is reduced by 13⅓ percent; at 64, it is reduced by 6⅔ percent.

On the other hand, if you delay your retirement beyond full retirement age, your benefits will increase. This is because you will have additional years of higher earnings added to your Social Security wage record. A yearly percentage increase will be added to your benefit for every year that you delay receiving Social Security benefits. The amount of the increase ranges from 3.5 to 8 percent depending on the year in which you were born.

Regardless of when you retire or begin to collect Social Security benefits, sign up for Medicare when you turn 65. Otherwise, you will not be enrolled in this important program that provides some medical insurance (see page 51).

Earnings limits

There are some circumstances that will reduce your Social Security benefit. One of these occurs under an earnings limitation rule. If you are receiving Social Security benefits, are still employed, and earn wages beyond a specified earnings limit (which changes annually), your Social Security benefit will be reduced for every dollar earned over the earnings limit.

Workers under 65 have their Social Security benefit reduced $1 for every $2 earned over the limit. Workers between 65 and 69 lose $1 for every $3 earned over the limit. The earnings limitation does not apply to workers age 70 or older.

Windfall Reduction Provision. The Windfall Reduction Provision uses a different formula to calculate Social Security benefits for people who will receive a pension from a job not covered by Social Security *and* who have enough QCs to be eligible for a Social Security retirement or disability benefit. This rule does not apply to you if you were age 62 or became disabled *before* 1986 *and* you were eligible to receive your pension for at least one month before January 1986. If you think this rule affects your benefits, contact the Social Security Administration and request "Fact Sheet No. 2: A Pension from Work Not Covered by Social Security," SSA Publication No. 05-10045.

Government Pension Offset. Individuals who receive a public pension (for work in federal, state, or local government) based on earnings *not covered* by Social Security will have their spouse, former spouse, or widow Social Security benefit reduced. This reduction is two-thirds of your public pension. This affects women to a greater extent because they are more likely to receive a spouse, former spouse, or widow benefit.

For example, suppose your pension payment is $1,000 per month and your Social Security spouse/widow benefit is supposed to be $800 per month. Two-thirds of your monthly pension benefit, $670, will be deducted from your monthly Social Security benefit. This means that you will receive only $130 from Social Security as a spouse/former spouse/surviving spouse benefit.

As with the Windfall Reduction Provision, there are several exceptions to this rule. For additional information, request "Factsheet No. 1: Government Pension Offset," SSA Publication No. 05-10007, from the Social Security Administration.

How to Collect Social Security Benefits

You must apply to receive Social Security benefits. To apply for benefits as a worker, you will need:

- your birth certificate or other proof of age,
- your Social Security number, and
- a copy of your W-2 form or tax returns from the previous year.

For spouse benefits, you will need the above materials and also:

- proof of marriage,
- your spouse's Social Security number, and
- W-2 or tax returns for each of you for the previous year.

For benefits as a surviving spouse, you need all the items listed for a worker and a spouse, as well as proof of your spouse's death and proof of his age.

For benefits as a divorced spouse or divorced surviving spouse you will need *all* of the previously listed items and proof of your divorce.

For dependent children, you will need the children's birth certificates and Social Security numbers.

Finally, if you want benefits paid through direct deposit to your bank account, you will need to provide your checking or savings account number.

If possible, you should begin the application process a year before you expect to receive retirement benefits, thus giving yourself enough time to have all documents in order. If you do not know how to locate some of the necessary documents, Social Security Administration staff can help you.

Special note to divorced women. If you were married to your spouse for at least ten years, you may be eligible for a benefit based on your former husband's earnings, even if those earnings were during a period you were not married. This benefit—no more than half of your former husband's benefit—is paid to you separately. To be eligible for this benefit, you must meet the following requirements:

- You must be at least 62 years old.
- You must be unmarried at the time of application.
- Your former husband must be at least 62 years old and be fully insured (have the minimum number of QCs) or be receiving disability benefits.

- You are not eligible for a benefit based on your own wage record that is equal to or greater than one-half of your former husband's full benefits.

Even if you have lost track of your ex-husband and don't know whether he has retired, whether he is still alive, or what his Social Security number is, you should apply for benefits if you think you might be eligible. The Social Security Administration can help you locate the necessary information.

If you are divorced and your former spouse dies, you may be eligible for benefits if you have met the following requirements:

- Your former husband was fully insured for Social Security benefits and was married to you for at least ten years.
- You are unmarried or you remarried after the age of 60.
- You are at least 60 years old (50 if you are disabled) or you are caring for your former spouse's child who is under age 16 or who was disabled before age 22.
- You are not eligible for a greater benefit based on your own wage record.

A special note to widows. You may qualify for a survivor benefit if:

- You were married to your spouse for at least nine months before his death (if death is due to an accident or military duty, no length of marriage is required); or
- You are the parent of his child (natural or adopted).

If you are a widow age 60 or over and your spouse had reached the normal retirement age (currently 65) and was covered under Social Security, your benefit should be 100 percent of your deceased spouse's Social Security benefit (called the Primary Insurance Amount). Benefits will not stop if you remarry. The following changes in benefits may apply:

- You will receive a lower amount if your spouse retired early and had a reduced benefit. You cannot receive more than the reduced benefit, but in no case less than 82.5 percent of your deceased spouse's Social Security benefit.
- If your deceased spouse retired after normal retirement age, you will receive the same benefit amount (including the delayed retirement credit) that your spouse received. This may be reduced if you are under the normal retirement age at the time of your spouse's death.

If you are a surviving disabled spouse age 50–59 who, because of a severe mental or physical impairment, cannot perform any substantial gainful work, you may qualify for benefits if the disability has lasted five full months. The benefit is 71.5 percent of your deceased spouse's Social Security benefit. Benefits will not stop because of remarriage.

If you are a surviving spouse caring for an eligible child who is under age 16 or disabled before age 22, you may receive 75 percent of your deceased spouse's Social Security benefit. The benefit stops when the youngest child reaches age 16, unless a child disabled before age 22 is present.

PENSION PLANS

Pension plans, offered by most public employers and many in the private sector, are another leg of the retirement income stool. To be eligible for pension benefits, you must be *vested* in your employer's plan. Vesting gives you a nonforfeitable right to a pension at retirement age. You usually become vested after having worked for the same employer for at least five years.

Some plans permit you to become vested gradually, over a period of time. You may be partially vested after three years, for example, and 100 percent vested after seven. If you are not vested, you will not be eligible for benefits.

There are two kinds of pension plans. One is based on a *defined contribution*, a fixed amount that an employer contributes on your behalf into an account. A defined contribution plan does not set the benefit to be paid. This means that your benefit will depend ultimately on the account's balance, how well the funds in it have been managed, and the account's earnings.

Under a *defined benefit* plan, the employer promises to pay a specific benefit, usually a percentage of your average earnings calculated according to the number of years that you worked for the employer. People with high salaries who have been with one company for a long period of time receive larger benefits than those at the lower end of the pay scale or those who worked for the company for fewer years.

If you or your spouse has a pension plan, you should know (or know how to find out) the following:

- Who manages the company's plan? How can you contact that person?
- What will be your benefits under the plan? If you are married and your spouse were to die, what would your survivor's benefit be?
- Will your benefits be adjusted for increases in the cost of living? How will those increases be calculated?
- Will your benefits be reduced by the amount of your Social Security benefit? (Some plans *integrate* benefits, subtracting the amount of Social Security you will receive from the pension benefit. In no case may your pension benefit be reduced by more than 50 percent.)
- Is the pension plan insured?

Several factors can cause women to receive lower pension benefits—or none at all—for example, time out of the work force to raise a family or care for an elderly parent. What can you do to increase your chances of receiving pension income?

- When considering a position with a company, ask about pension plans. Try to find a company that offers a pension plan.
- Stay with a company that has a plan in which you can be vested. Instead of advancing your career by moving to other companies, try to work your way up within one company.
- If you and your spouse divorce, work for a divorce settlement that recognizes pensions as property to be divided.
- Pursue additional retirement savings opportunities, such as an Individual Retirement Account (see page 41).

To see how little a pension benefit can be, read about Marvis, page 48.

Marvis: Sometimes, Even Forty Years Won't Be Enough

Marvis, a member of the International Ladies Garment Workers Union (ILGWU), worked for 39 years as a seamstress at a plant in the midwest. For 20 of those years, her union made automatic contributions to a pension plan. When the plant closed, her monthly pension payments totaled $112. It is only because of Social Security and her survivor's benefits from her late husband's pension and because she owns her own home that she is able to live comfortably in her retirement.

Many of her peers, she says, do not. In her town, she hears stories of retired women who are living in one room, struggling just to get by.

"It isn't surprising. Wages in the plant where I worked were only about 10 to 20 percent over minimum wage. Most people started at five dollars an hour and averaged between six and twelve dollars an hour."

Marvis had considered retiring at other times in her life, before the plant's closing made that decision for her. Once, she had planned to retire, only to discover a lump in her breast.

"I didn't want to retire then, because I was afraid the insurance wouldn't cover the operation. As it turned out, the lump was nothing, and I didn't need any treatment."

When her husband died, she thought again about retiring. "But I decided I didn't want to stay home alone all the time. He'd been ill for three years, so we had expected his death, but it was still a very hard loss."

His illness, she says, was expensive and took almost everything they had. "We couldn't really keep up with our bills, some of them were so enormous."

After his death and upon her retirement, she became more active in community programs, especially in her church and local senior citizen's club.

"I'm also trying to start up a retirees club of former employees from my plant who want to become more active and get together." ILGWU retirees clubs often sponsor dinners and social activities, as well as letter-writing campaigns to Congress on issues of importance to women in the textile industry.

Special note to divorced women. Although many people believe that their houses are their most valuable asset, pensions can be an equally valuable asset. You *must* be aware of your right to your former spouse's pension benefits.

After 39 years with her employer, her monthly pension payments totaled $112. It is only because of Social Security and her survivor's benefits from her late husband's pension and because she owns her own home that she is able to live comfortably in her retirement.

In community property states (see map on page 49), pensions are considered part of the marital property and can be divided upon divorce. Common law states have different rules regarding the division of property, although many recognize pension benefits as property to be divided between spouses. Ask your divorce attorney to explain these rules to you clearly.

Try to ensure that survivor's benefits are included as part of the divorce settlement. This means

that the settlement should order the former spouse to be treated as a surviving spouse. Otherwise, when your former spouse dies, his pension benefits may die with him.

The *Clearinghouse on Pensions and Divorce*, a project of the Pension Rights Center, can provide information and assistance to persons going through divorce and their attorneys. For more information, see the list of Resources on page 77.

Early Retirement and Lump-Sum Annuities: Will They Work for You?

Some employers offer employees the option of early retirement. Whether or not you should exercise this option will depend on how long you have worked for the company and the way its pension plan is structured.

Employers sometimes offer employees an incentive to retire early in the form of a lump-sum payment or an annuity. The lump-sum payment, as its name suggests, is just that: when you retire, you receive a one-time payment. An annuity would provide a monthly income to you for the rest of your life. If you opt for survivor's benefits, your surviving spouse would also receive a monthly annuity.

Whether or not to take a lump-sum payment depends on many factors, including the investment climate when you retire (can you invest the money so that it yields a sufficient return?) and your willingness and ability to manage the

money. You will also need to calculate what you would owe in federal taxes. If you were at least 50 on January 1, 1986, and received or will receive a lump-sum payment in 1987 or later, you can choose to average the sum over a five- or ten-year tax period. If you were not 50 by January 1, 1986, you can only use the five-year averaging.

You should discuss the benefits and disadvantages of these options with a tax advisor or accountant. Whatever option you take, be sure to research it carefully and take those that best meet your needs.

Adapted from *Think of Your Future*

Joint and Survivor Benefits

If you are married, you should understand the meaning of *joint-and-survivor benefits*, also known as J&S benefits. J&S benefits provide you and your spouse with a slightly reduced monthly benefit while your spouse is alive. If he dies, however, you will continue to receive some percentage of that benefit.

You can choose to sign a spousal consent form to waive your J&S benefits. If you do, your husband's monthly benefit would be higher. However, when he dies, the benefits die, too. Before waiving J&S benefits, ask yourself if you can live without your husband's pension benefits if he should die.

If you are presented with a waiver, *read it closely*. The Government Accounting Office (GAO) recently reported that most of these forms are too difficult for the average reader to understand. Most do not give a breakdown of what your payments will be based upon the different plans. Ask the plan's manager to tell you what your benefits will be under both options. You may want to ask your lawyer to read it with you.

INSURANCE: HOW MUCH IS ENOUGH?

Insurance can protect you from the financial costs associated with illness, disability, or death. You may already be familiar with various types of insurance, but this brief refresher highlights points to reconsider about medical insurance—including the federally funded Medicare and Medicaid as well as disability—and life insurance.

Health Insurance

Adequate health insurance is a key element to a secure retirement, especially if you (or your spouse) become ill for a prolonged period or require hospitalization.

If you are a full-time employee insured through an employer's health plan, a law called COBRA (Consolidated Omnibus Budget Reconciliation) enables you to continue that coverage for up to 18 months after leaving your employer. COBRA also protects families insured through the employment of a spouse or parent, permitting them to continue coverage as well. In addition, COBRA permits divorced spouses, survivors, and dependents to continue coverage through a former or deceased spouse's plan for up to 36 months after his or her death. If you continue benefits in this way, you will be responsible for 100 percent of the cost of the premium and a small percentage of administrative costs.

Major medical coverage protects you from the financial catastrophes that can accompany a severe or prolonged illness. Such insurance should cover at least $250,000 over the course of a lifetime. A major medical policy should pay at least 70 or 80 percent of all medical bills while you pay the balance. The policy should include a limit on your out-of-pocket expenses. Once you have reached that limit, often $2,000, the insurance company will pay 100 percent of all medical bills. The policy should also be guaranteed renewable or have a non-cancellation clause, a protection for older people for whom coverage is often difficult to obtain.

Long-term care insurance can protect you from the costs of personal and medical long-term care either in a nursing home or in your own home. Such care can be particularly important for women, who have longer life expectancies than men and who represent almost three-quarters of all nursing home residents aged 65 and older. Many insurance companies have yet to develop such policies.

The services covered by a long-term policy can vary greatly. Your premium will vary according to the options you select. You should find out whether or not the policy requires prior hospitalization before providing coverage for long-term care. Does it include benefit increases to keep pace with inflation? Does it pay for any nursing home costs or just skilled nursing home costs? Will it pay for custodial home care and hospice care? Before purchasing such a policy, read the fine print. Be sure to understand what conditions you'll have to meet in order to receive benefits.

Disability insurance protects persons who are dependent on their wages for income against lost wages resulting from an illness or injury. Most policies will replace up to 60 or 70 percent of lost wages. Social Security disability benefits will not replace as large a percentage of the income you lose because of a disability. Therefore, it is critical that you consider having your own disability insurance as well.

There are two kinds of disability insurance. One version, written for "own occupation," insures you should the disability prohibit you from working in your own and related fields. Insurance for "any occupation" means that the disability prohibits you from any kind of gainful employment.

Medicare is a two-part health insurance program funded by the federal government. It is available to Americans aged 65 and older. In case of disability, Medicare coverage may be available to younger people.

Medicare Part A is a hospital insurance plan. You should apply for it three months before you turn 65. Part B is a medical insurance plan that covers some, but not all, of the costs not covered under Part A, such as doctor visits, prescriptions, or out-patient surgery. When you enroll in Part A, you automatically enroll in Part B unless you instruct the Social Security Administration not to enroll you. If you are receiving Social Security benefits, the premium for Part B is automatically deducted from your benefit check.

Supplemental Health Insurance may be necessary to help you meet the expenses associated with costs not covered by Medicare. You may find such insurance through your former employer's group plan, if you can elect to continue coverage once you have retired; a private health insurance carrier through whom you can obtain a supplemental health insurance policy; a health maintenance organization (HMO) that provides services to Medicare beneficiaries; and Medicaid, which assists eligible, low-income people. If you do

not pursue one or more of these options, you must pay for the balance of your health care costs from your own pocket.

Medicaid pays medical costs for low-income people who meet certain eligibility criteria. Medicaid is operated jointly by the federal government and the states (except for Arizona, which has its own program). Eligibility requirements are based on income and personal assets. These requirements vary from state to state. People who receive Supplemental Security Income (SSI) benefits are automatically eligible for Medicaid. (As described on page 37, SSI benefits provide a welfare benefit to people whose monthly income places them within federal poverty levels. To be eligible, you must meet several criteria.)

Life Insurance

If you are dependent on your wages or a spouse's, then you should have life insurance. Although employers often offer life insurance coverage as part of their benefits packages, such coverage usually only matches a year's salary and ends with employment. Those benefits would be inadequate if you depend on your salary to meet your expenses.

Some analysts recommend that adults carry a minimum life insurance policy of $100,000. This amount can pay a deceased person's outstanding debts, cover funeral expenses, and leave a small trust for beneficiaries. A single woman with no dependents has little need for life insurance unless she wants to leave an inheritance or provide a fund for funeral and burial expenses.

There are several kinds of life insurance from which to choose. Because the terms associated with each kind of policy vary by insurance carrier, discuss these policies in full with a financial planner or insurance representative before selecting one appropriate for you.

Term insurance charges a set premium over a number of years. The benefits are paid to your beneficiaries upon your death. Term insurance has no cash value, so it cannot be borrowed against. The amount of the premium depends on your age at the time you first purchase the policy. The younger you are, the lower your premium will be (because you will be making more payments over your lifetime). Term life insurance must be renewed periodically, usually annually. Your coverage continues as long as you renew the policy. Most term policies will stop covering you once you are 75 or 85.

Whole life insurance has a cash value and can be borrowed against, sometimes at a lower interest rate than would be available at banks. Once a policyholder has reached a specified age, she can receive a lump sum payment from such plans. Some people use whole life insurance as a retirement plan because the premiums paid for such a policy are not taxed until the policy is cashed in. No income taxes are owed, however, if the policy is cashed because of the policyholder's death.

For women with a large amount to invest, *single premium whole life insurance* offers one opportunity. Single premium whole life requires that you pay the entire premium in an initial lump sum payment. It pays you a dividend on the cash value. Before choosing this as an investment, however, discuss the move with an accountant or financial planner.

Universal life insurance is similar to single premium whole life, except that the initial deposit may be paid over a predetermined, but generally short, amount of time such as one year. In addition, dividends may be calculated differently. Both single premium whole life and universal life policies have income tax advantages similar to those of whole life insurance.

The premiums that a healthy, 45-year old woman who does not smoke would pay in 1991 for $100,000 of coverage under these policies differ enormously. She would pay $301 annually for term insurance, but $1,578 for whole life.

Sue: How Do You Retire When the Business Is Your Own?

Sometimes, the most important lessons in our lives come from the most unexpected people. For Sue, who watched her 74-year-old father-in-law enjoy 10 years of retirement before he was diagnosed with cancer, the lesson has been not to postpone retirement.

"I don't want to have many regrets," she says. "When my father-in-law retired he bought a boat, traveled, and enjoyed himself. Now that he's become ill, he's able to afford the care that he needs, and he's done many of the things he'd wanted to do."

Although she does not plan to postpone retirement, Sue, 48, says she's about 15 years from retiring. She owns a successful marketing firm and hopes to pass the business on to a successor. She doubts that will happen, however. In the meantime, she tries to plan for retirement while acknowledging that she derives great satisfaction from owning her own business.

The business is located in an apartment office building that is home to many elderly people.

"I'd like to be the way they are: independent and self-reliant. I'd like to retain a certain level of comfort, and I'd like my life to be worthwhile."

To help reach those goals, she contributes to a 401(k) plan that her business has. To date, she has saved some $50,000, still a far cry from what she will need to have the kind of retirement she envisions.

When I told [my husband] my greatest fears were of growing old, becoming ill, and having no one to take care of me, he told me I was crazy. But my health and having enough money to live on are very important to me."

"I think the 401(k) is a good benefit for my employees, who are vested at twenty percent per year. We match employee contributions at a certain rate. The younger employees don't really appreciate this, but many of the older ones do."

Sue first began to seriously think about retirement planning during a two-year separation from her husband of 23 years. At the time, they had planned to divorce.

"When I told him my greatest fears were of growing old, becoming ill, and having no one to take care of me, he told me I was

crazy. But my health and having enough money to live on are very important to me."

She and her husband have since reunited and hope to enjoy retirement together.

"During our separation, we grew to appreciate each other more, so our relationship now is different. I was very lonely, and I can understand how hard it is to be single again. I'm very happy to be together with him."

She expects that they will pursue some of their common interests, such as sports and travel. Their children are adults now and, like many women in this situation, she feels free to do many things she could not do when she—and her children—were younger.

But she also expects to continue volunteering her time to many of the groups she now works with professionally, such as a program that promotes safe driving practices and the Red Cross.

"I think that this kind of involvement keeps you alert, it keeps you current. I am energized by being around other people. I'd like to be like my 75-year-old father, who still works three days a week. It's a way to feel needed."

SECTION 4

LEGAL AFFAIRS: AN OUNCE OF PREVENTION, A POUND OF CURE

At some point, most people will avail themselves of legal counsel—especially for estate planning, the process of determining what happens to your property and possessions when you die. Women often find, however, that they need legal counsel or assistance for other matters, such as divorce or remarriage or to pursue cases of age or sex discrimination in the work place.

There are at least eight situations in which you should seek legal advice: When you

- Buy, sell, or rent housing or sign a contract for retirement housing, such as a lifetime care community.
- Divorce or marry later in life or for a second time.
- Buy, franchise, set up, or sell any interest in a business or partnership.
- Hold property in a joint ownership.
- Assign a power of attorney or durable power of attorney or when you hold a power of attorney or durable power of attorney for a relative or friend.
- Write or change your will.
- Receive a lump-sum pension payment.
- Set up a trust fund or other estate-planning device.

Adapted from
Think of Your Future

Getting your legal affairs in order requires a few simple steps. Most of these steps are simply a

matter of organizing papers—knowing where important documents are or being certain that beneficiaries are properly named. Others may require a meeting with an attorney, for example, to review property titles or establish durable power of attorney. You may have accomplished some of these steps when you assembled your personal and financial records.

HIRING AN ATTORNEY

Attorneys generally charge an hourly fee. However, some charge a flat fee for services such as drawing up a simple will. Some attorneys will negotiate fees, depending on the services rendered.

If you cannot afford to hire an attorney, there are legal aid organizations across the country that can help you obtain legal counsel. The Legal Services Corporation, an agency of the federal government, has offices that serve low-income people. Your community may have a Legal Aid Society. The local chapter of the American Bar Association can refer you to a legal service. The yellow pages of your local phone book can also be a starting point (look under "lawyers").

PLANNING YOUR ESTATE

Estate planning can help you reach your financial goals while you are living and distribute your estate as you wish after you die. Your estate is everything that you own and everything that is owed to you minus anything that you owe. If you are responsible for dependent children or other rela-

tives, estate planning will help ensure that they will have enough to live on after you're gone and can minimize taxes and administrative expenses on your estate. If you are married, you or your spouse may have made some decisions concerning your estate already. You should become familiar with those decisions.

Professional advisors, such as your lawyer, banker, accountant, and insurance agent, can help you develop specific goals and a plan with which to achieve them. Some of the tools you may find helpful in estate planning are a will, trusts, joint ownership, and life insurance (which was discussed on page 52).

Your Will

Your first step in estate planning is to write a will. A will states clearly, simply, and legally what is to be done with your personal property and how to carry out your final wishes, for example, for your funeral arrangements. It names your beneficiaries and what each is to receive.

You should periodically review your will to ensure that the information is up-to-date and that the bequests are correct.

Your will must be written, signed, and witnessed so as to meet all the requirements of state law. Always review a will with an attorney. *One technical mistake can render the entire document invalid.*

You will need to gather a great deal of information before your will can be written. Be prepared with a complete list of assets and liabilities and information on how these assets are owned. Know to whom and how you want to distribute your estate. Do you want to leave each heir specific assets or a percentage of the total estate? You could use a combination of these two distribution methods. Have with you the names, addresses, and Social Security numbers of your beneficiaries.

Trusts

A trust provides you with an opportunity to dispose of or manage assets, including property. Basically a trust offers a plan by which a trustee (often a bank) holds your assets for your own benefit or that of your beneficiaries, paying the money at the time and in the manner you specify in written instructions.

Say you want to transfer $30,000 to one of your children but are concerned that the child might not handle the money prudently. If you want to pass that money along now, not later, you can do so with a trust. You might instruct the trustee to pay income from the fund to your child annually or in a lump sum at a stated time (such as when the child reaches a certain age or upon your death). The trustee receives a fee, and you receive the satisfaction of knowing that the matter will be handled properly.

Trusts can be living or testamentary, revocable or irrevocable. A *living trust* is set up and takes effect while the parties are still alive. A *testamentary trust* is created by will and goes into effect upon your death: for example, your life insurance proceeds could flow into a trust fund upon your death and subsequently be managed by a trustee. A *revocable trust* can be canceled by the person who established it, while an *irrevocable trust* cannot be canceled.

Trusts are not for everyone. Your estate should be large enough to justify the payment of trust management fees. Furthermore, the initial costs of establishing certain kinds of trusts can be substantial. The offsetting benefits should be discussed in detail with your attorney and the trust officer of your bank or your financial advisor before you take action.

Joint Ownership

Part of your estate planning should include an examination of how your property is owned. Whether you are married, divorced, or single, consider whether joint ownership would serve to protect the rights of yourself or others who need access to property such as bank accounts, home, or automobile if the owner becomes incapacitated or dies.

For example, joint tenancy with right of survivorship (often used in property ownership) can act like a will to avoid probate, though it will not necessarily help avoid estate taxes.

APPOINTING OTHERS TO ACT ON YOUR BEHALF

At times you may need to appoint others to make decisions or act on your behalf in legal or financial matters. Power of attorney, durable power of attorney, and a living will are three legal devices that permit you to do so.

Power of Attorney

Power of attorney permits someone you trust to act on your behalf in a variety of matters, from signing a check to selling property. Anyone can be given power of attorney on your behalf. A power can be general in scope or limited to specific activities you designate. A lawyer can draw up power of attorney documents for you.

You do not relinquish your decision-making power to another person when you establish a power of attorney. You merely name a deputy with authority to act on your behalf under certain specified conditions. Power of attorney terminates should you become legally incompetent or die.

Durable Power of Attorney

Durable power of attorney continues even if you become incapable of managing your affairs. Like a standard power of attorney, it can be limited to specific responsibilities, such as financial management or medical treatment. Durable power of attorney is the best tool with which to set conditions or limitations on your medical treatment, such as life support. Again, an attorney can help you draw up papers.

Living Will

A living will is another way to specify your preferences regarding medical treatment in the event that you are involved in an accident or become terminally ill. In most states, living wills are not applicable for people who are in comas or who are suffering from Alzheimer's disease, a stroke, or a degenerative illness. Some states do not recognize living wills.

DIVORCE

If you and your spouse divorce, you will need a lawyer. A good attorney will guide you through the legal disputes that so often accompany divorce and will work as an advocate on your behalf to ensure that property is divided fairly and equitably. Marital property can include both tangible property, such as a house or car, and intangible property, such as pensions and retirement benefits, educational degrees or professional licenses, a business or a profession, and life insurance.

The Clearinghouse on Pensions and Divorce, a project of the Pension Rights Center, can provide information and assistance to persons going through divorce and their attorneys. For more information, see the list of Resources on page 77.

To find a good divorce attorney, talk to family and friends, or ask a local women's organization to refer you to a reputable attorney. The local chapter of the American Bar Association can also refer you to legal counsel suited to your needs.

MARRIAGE OR REMARRIAGE

Money almost always becomes an issue in any marriage. Before you marry or remarry, discuss your finances with your future spouse. Determine how you are going to handle your accounts, whether you will have joint or separate accounts. Review your estate plans together. Decide where you will live—an important (and potentially divisive) issue if you each own a home. Decide whose house you will live in and find out what the tax consequences are of selling one of the two houses. If you and your future spouse have many assets, you may want to have your attorney draw up a *prenuptial agreement*. Such an agreement can protect your personal assets and property in the event of divorce.

AGE AND SEX DISCRIMINATION

Under the Age Discrimination in Employment Act (ADEA), most employers cannot use age as a factor in making employment decisions, such as hiring, firing, compensating, or promoting employees age 40 or older. (In occupations where age is a "bona fide occupational qualification," however, age can be a legitimate factor.) Other equal opportunity laws prohibit discrimination on the basis of sex. Despite these laws, some employers may discriminate against you on the basis of your age, your sex, or both.

If you have been discriminated against because of your age or sex, you can seek legal redress by filing a complaint with the Equal Employment Opportunity Commission. This complaint should be filed within 180 days; in most states, your complaint should first be made to a district EEOC office. Call 1-800-USA-EEOC for additional information. An EEOC officer will interview you and investigate your case, usually trying first to foster reconciliation with your employer. If this is not possible, you will then be advised to seek an attorney's assistance.

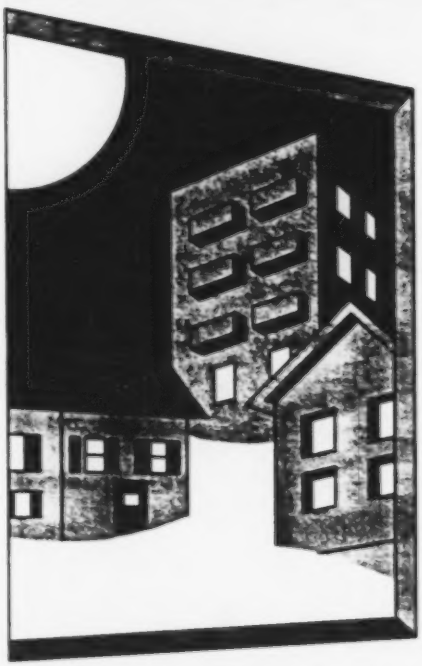
SECTION 5

A ROOF OVER YOUR HEAD: HOUSING OPTIONS FOR OLDER WOMEN

Adequate, affordable, and comfortable housing in retirement is a concern for women, regardless of their marital status or economic situation. Although young people generally decide where to live based on their family size, personal finances, and proximity to work and school, other factors can influence an older woman's housing decisions. Security and safety, the accessibility of health care professionals or facilities, and proximity to transportation, community services, or family may all be deciding factors.

Older women today have a variety of options from which to choose. Although many will continue to live with spouses or on their own, others will live with family members, such as an adult child. Others will share homes or apartments with friends or rent space to tenants.

By the time they reach the age of 75, however, most women will find themselves living alone. In fact, the Census Bureau reports that only 13 percent of men between the ages of 65 and 74 live alone, while almost one-third of their female counterparts do.



Many women change their living arrangements to ease the financial cost of living alone. Others find satisfaction in a communal living arrangement. Some become involved in cooperative home exchange programs that enable them to travel while someone else lives in their house.

Some older women will move to retirement communities. Others may find that their needs are best met in an environment where medical care is always available, such as a nursing home. Some will not be able to find or afford adequate in-home care and will find that a nursing home provides the best alternative.

As you consider housing options for your retirement, some factors important to your decision may not be obvious. Can you perform the necessary maintenance or afford to pay someone else? Handicap accessibility may not seem important now, but what about in 20 years?

This section is a glimpse of the range of available options. It suggests criteria to use when selecting a place to live and discusses the legal, financial, and personal issues associated with different living arrangements. There are advantages and disadvantages to each kind of arrangement.

WHERE TO LIVE

Many factors influence your decision about where to live, some of which will change as your needs and priorities change over the years.

A primary consideration, of course, is location and the proximity of family, friends, or the services or facilities you require to live comfortably. For people still in the work force, for instance, commuting time and distance are important determinants in housing equation.

I PREFER TO LIVE NEAR:

	TODAY	IN 10 YRS	IN 20 YRS	IN 30 YRS
Family or friends				
Work place				
Church, synagogue, or other place of worship				
Public library				
Schools				
University or college				
Cultural centers				
Community recreation center				
Sports and recreation facilities				
Public transportation				
Hospital or medical facilities				
My doctor's office				
Shopping center				
Grocery store				
Pharmacy				

The list on page 60 provides some elements to use in selecting where to live. Try ranking them in order of importance to you, both now and in the future. If you are married or involved in a long-term relationship, ask your partner to complete the checklist with you.

BASIC OPTIONS: HOME OWNERSHIP, COOPERATIVE LIVING, AND RENTAL PROPERTY

Home Ownership

Staying in your own home has several advantages. For example, your house payments may be very low in today's market or the mortgage may be paid. In this case, you have accumulated equity in the home, which augments your financial security. The home can also provide you with various sources of income, should you choose to sell it or rent it. (These are discussed in more detail in Section Three, page 39.)

Depending on how long you have lived in your home, you may have developed a social network in the community. Your environment is familiar and comfortable. You have relatives and friends with whom you socialize and some you can call on for support in an emotional or financial crisis. You may also have a network of merchants, advisors, and services you know and trust: a doctor, pharmacist, plumber, butcher, sitter, lawyer, auto mechanic, and others. If you are considering moving to a new home, consider how difficult it would be for you to replace your personal support network.

If you choose to stay in your own home, you may want to make some changes to suit your family's changing needs. You can improve the accessibility of your home by improving the lighting, especially in hallways, removing unnecessary doors and doorstops, changing round door knobs to the more easy-to-use lever type, and installing grab rails in the bathroom. While these improvements may be most helpful to the oldest members of your family, they make your home more livable for persons of any age.

According to the size of your family, the size of your home may be adequate or too large. A four-bedroom house adequate to the needs of raising several children can seem cavernous when only you or you and your spouse dwell there. However, if an elderly parent requires care, that extra space can be an asset. Make an unused study or playroom on the ground floor into an easily accessible bedroom. Convert your basement into an apartment that provides privacy and independence for a family member or tenant.

The most obvious disadvantage to home ownership is maintenance, which can be costly, time-consuming, and physically demanding. As one woman describes this situation, houses teach you the meaning of hundreds: house repairs can "hundred dollar you to death." On a fixed income, this can break the bank.

A house requires the investment of energy: lawn mowing, gutter cleaning, plumbing maintenance, and a variety of other chores. For women who are alone, such chores can become all-consuming. For those with physical limitations, these chores can be impossible. Hiring someone to perform such chores might be an alternative.

If you decide to rent your home, consult a real estate agent who can help you find a tenant and also help you write a lease. You must, of course, report any rental income to the Internal Revenue Service.

One alternative to owning a single-family home is to purchase a condominium. Condominiums

offer the advantages of ownership without the burdens of maintenance. In condominiums, you are usually responsible for maintaining the inside of your apartment or townhouse, while the condominium association maintains the outside. Generally, you must pay a monthly condominium fee. Before signing a contract, find out if this fee increases annually, and whether or not there is a cap for any one year.

Cooperative Living and Home Sharing

Many women find cooperative living arrangements satisfying, especially if they live alone. Such arrangements can provide a sense of security and companionship, as well as a reduced cost of living. Cooperative living arrangements also offer the opportunity to share common household chores such as grocery shopping, cooking, and cleaning. By sharing housing with someone who shares your interests, you can often forge a lasting friendship. For older people who have no family, these arrangements provide a sense of community. Some senior citizen's agencies and centers keep listings of older people who are interested in such arrangements.

Some women are able to find tenants who can lease a portion of the home, thus reducing housing costs. Women in college communities, for example, can often rent rooms to a student, who may be willing to do household chores in exchange for reduced rent. Other women share houses with their peers.

Rental Property

Rental property, such as an apartment or town house can also be an alternative to the problems of home ownership, such as too much space or too many repairs. In many areas, apartment rental payments are less expensive than mortgage payments. A couple in a two-bedroom apartment may find that the living space suits their needs ideally without the chore of home maintenance and repairs. In an apartment, the owner is responsible for the cost of all repairs. For older people, a one-floor apartment is much more easily navigated than a three-story house. Many women find that living in a building that offers a guard service at the front desk reduces their worries about personal safety.

Apartments are not without their drawbacks. You may find that your noisy neighbors, the clatter of high heels on a kitchen floor, the commotion of children playing outside are more than you can tolerate. In this case, if you can afford to do so, you may want to consider a retirement or leisure community. However, these too may have similar drawbacks.

What to Consider When Living with a Relative (or Friend)

When your family shared one house and your children were young, you probably set the ground rules. Similarly, when you lived in your parents' house, they probably had the final word. But if the tables turn in later life and your adult children or elderly parents come to live with you, it may not be so easy to agree on rules with which everyone can live. Still, by having rules that everyone agrees on, you will promote a harmonious living situation, one that protects each person's privacy and independence while ensuring that everyone lives together happily.

Some points to consider are:

- What areas will be common living space?
- What areas will be private living space?
- Is there enough space for everyone to live comfortably?
- How will household chores be shared?
- How will household bills, such as utilities, be divided?
- Will your adult child or older parent pay rent? If so, how much? What kind of payment schedule will you have?
- Will you buy groceries together or separately?
- Will you prepare meals together or separately?
- How will you handle house guests? Can each person make arrangements to entertain friends in the home?
- If there are problems, do you have a plan for resolving them?
- If your children move home with their children, what role will you have in their care?
- Is the arrangement going to be temporary or permanent?
- What kinds of structural changes will be necessary to accommodate a housemate?

If you decide to set up a cooperative living arrangement with your peers, many of these questions will still be applicable.

Ellen: Living with a Roommate

Ellen's Irish grandmother lived to be almost 100 years old, moving from one child's house to another in New England where her children had immigrated. With such a lively foremother, it never occurred to Ellen to worry about growing old. "I just figured I would emulate my grandparents, who were healthy until they died." At 75, Ellen is following in that family tradition.

Recently, Ellen decided to buy a small, one-story house to be closer to her family. For more than a decade, she had shared a luxury apartment with another woman, a friend she'd met in a senior citizen's program.

"I enjoyed that. We were able to afford a luxury building, but our costs were lower because we split everything. We had companionship; we traveled together and did things together. This worked out well until we each began to have health problems and decided we needed to be closer to our families."

The logistics of having a roommate were simple. Each bought groceries and put receipts in a kitty. Every three months, they tallied what each had paid and evened up their accounts. When they traveled, one drove her car while the other paid for gasoline. They shared cooking and other household chores. Ellen adds that she was glad her roommate liked to vacuum, a chore she never much liked.

I enjoyed living with a friend. We were able to afford a luxury building, but our costs were lower because we split everything. We had companionship; we traveled together and did things together. This worked out well until we each began to have health problems and decided we needed to be closer to our families."

Each had her own room and furniture while common living areas were furnished with pieces they purchased or already had or purchased. Each bought furniture separately, so that when they moved, there were no questions about ownership.

Other Options: Retirement and Lifetime Care Communities

Retirement and lifetime care communities provide a structured yet independent environment in which many older women and couples are able to live comfortably. Such communities may provide social and recreational activities, as well as medical care and dining facilities. Some of the larger communities even offer shopping facilities. These communities usually offer security arrangements as well, freeing people from their concerns about safety.

Such communities generally offer couples or singles an independent apartment where they can live, entertain guests, and cook their own meals. Most of these communities reflect the male-to-female ratio of older Americans: women outnumber men, sometimes as much as six to one.

While retirement communities can offer many advantages, they are often options only for people who have had higher incomes. These communities can be quite costly to move to, some requiring initial deposits of anywhere from $60,000 to $400,000, in addition to monthly payments. People who are stimulated by community diversity—children, young families, and others—may not like the sense of isolation retirement communities sometimes create.

Before signing a contract with such a community, consult a lawyer and an accountant. Find out what happens to your deposit in the event that the community declares bankruptcy. Often, in such cases, you must line up with the community's other creditors, and your deposit, or most of it, may be lost.

Silvia and Teresa: Making It on Their Own

Although they come from different Central and South American countries, Silvia and Teresa tell stories similar to those of many older Hispanics in America. Each came to America in her youth, married, had children, worked very hard—and in the process, had to deal with the curves life threw them.

For Silvia, it was the challenge of supporting herself alone after more than 20 years of marriage. As a secretary in a county school system, making ends meet has not always been easy, but she has managed. For several years, she lived with her daughter and son-in-law. She was finally able to save enough money to purchase a small mobile home in a pleasantly maintained trailer community. In addition to making monthly payments on her loan, she also pays a ground rent which is subject to annual increases. The increases concern her, especially as she approaches retirement age. Nonetheless, she says that she loves the privacy and independence she feels in the home.

Her husband's sudden death 15 days after they bought a new home meant coping with great loss and enormous financial strain simultaneously. She has learned to live "day by day." By renting a portion of her home and saving as best she can, she has been able to pay her mortgage and to stay in her home.

For Teresa, her husband's sudden death 15 days after they bought a new home meant coping with great loss and enormous financial strain simultaneously. She has learned to live "day by day." By renting a portion of her home and saving as best she can, she has been able to pay her mortgage and to stay in her home.

Both women, now in their late forties or early fifties, contribute to retirement plans provided by their employers. Even so, each worries about how she will support herself in her retirement.

"In my country, old people live with their children and are cared for by them. My sisters support and take care of my mother. But here, it's different. You don't want to be a burden to your children. So I try to plan for retirement, to save money," says Silvia. She hopes that by the time she retires, she will have paid off her mobile home in a trailer community.

Teresa echoes this sentiment. "I would like to retire to my own country so I am saving $50 each month and putting $100 in my employer's retirement plan."

Teresa is also trying to improve her position in her department, where she is a support staff person. By taking courses, she hopes to get a promotion that will lead to more responsibility and better pay.

Through their hard work and planning, Teresa and Silvia hope to avoid the poverty into which many elderly Hispanics retire. According to the Census Bureau, the median income for elderly Hispanics was $6,642 in 1989, barely over the poverty threshold of $5,947. Even with their private pension plans, each will find herself depending on Social Security benefits more than other sectors of the elderly population. According to a report published by the National Council of LaRaza, an umbrella group for Hispanic organizations, the median Social Security income for Hispanics was $5,437 in 1988 —21 percent less than that of whites.

For now, leisure time seems like a long way off, although each has her dreams for retirement. Teresa dreams of using her Spanish skills to help others, perhaps as a translator. Silvia, an accomplished seamstress, dreams of operating her own small business. But today, those dreams must take a back seat to the hard realities of financial planning, of trying to accumulate enough money for a secure retirement, and of living as single women.

SECTION 6

CAREGIVING: WHEN ADULTS NEED SPECIAL CARE

Many midlife women will grow older with their spouses and their own parents. And often, these spouses and parents will reach a point in their lives where they require some degree of care to accomplish daily tasks.

Ordinarily, we reach adulthood and stand on common ground with our parents. However, midlife women who care for elderly parents who are ill, financially insecure, or who have lost some degree of independence often find the parent-child roles reversed or skewed.

Similarly, it can be difficult to cope with the changing marital relationship when one spouse requires constant care as the result of illness, injury, or frailty.

In today's America, this situation is becoming increasingly common. In the next decade, it will become even more common as baby boomers become young senior citizens and their parents become older senior citizens. Almost everyone will have to face some of the issues associated with caregiving. These issues range from arranging for a parent to receive meals at home through a social program such as Meals-on-Wheels to finding round-the-clock home care for a spouse or an elderly parent or providing that care yourself.

Caring for a person you love and who very often nurtured and cared for you at other points in your life can be rewarding and satisfying, but it can also be emotionally and financially draining. This section reviews some of the common concerns of caregiving and the resources available to help you make the later part of your parents' life comfortable—without sacrificing your own emotional or financial well-being.

You will want to talk to your parents about their personal, legal, and medical affairs. If you have not had an open relationship with your parent, such openness may be difficult. Some issues are not easily discussed. You will probably have to address the same issues yourself eventually, so discuss them openly. Communication can help eliminate tension and misunderstanding and can ensure that everyone's needs are being met. It is much easier to make rational and informed decisions before a crisis makes them necessary.

For starters, ask your parents to complete the personal and financial records checklist included in Section Three, page 34.

You should also discuss potential problems, such as funeral arrangements and the need for long-term care, before they arise. Talk to your parents and their attorneys about drawing up three important legal documents: power of attorney, durable power of attorney, and a living will. You should also discuss these matters with your spouse, regardless of your health or financial status today. These areas of our lives can change dramatically and suddenly. Legal affairs are discussed in detail in Section Four.

HOUSING FOR YOUR PARENTS

One of the most obvious problems that arises is the question of where an elderly parent will live. For some midlife people, the obvious solution is to have an elderly parent move into their home. If you decide to pursue this option, discuss it thoroughly with your parent and, if appropriate, your spouse.

"It was hard in a way. It wasn't like living with a child—you can correct a child, but an adult, you can't. So sometimes, I'd get edgy and feel put upon. It was hard for us to go out because we always had to arrange for someone to care for her."

There are a variety of ways to create room in a house for an older parent: a spare bedroom near a bathroom may be all your parent needs. You may want to investigate the cost of having an addition built onto your house. Some houses can be converted so that a former family area—a recreation room, for example—can become a sitting room, bedroom, bath, and small kitchen for an older parent.

One innovative solution that is popular in Australia and is slowly making its way to America is the elder cottage, also known as ECHO. These small efficiencies are really miniature houses that can be erected on your property. Restrictive zoning policies, however, could make it impossible to exercise this option in your community, so you will need to research this option.

If your parent moves to your home, try to accommodate his or her needs. If your spouse becomes ill, you may want to take these precautions as well. If your parent has trouble with stairs, for example, arrange for his or her living area to be on one floor. Remove hazards that could cause an older person to fall, a great danger for older women, whose bones are easily broken. The National Institute on Aging suggests you take the following steps to eliminate an older person's risk of accidental injury in the home:

- Light stairways and provide switches both at the top and bottom.
- Provide night lights or bedside lamps.
- Have handrails on both sides of the stairs.
- Tack down all carpets and throw rugs.
- Arrange furniture so that you don't create an obstacle course.
- Have grab bars on bathroom walls and nonskid tape in showers.
- Reduce the setting on water heaters to prevent scalding.
- If your parent is taking medication, be aware that some medications cause dizziness which can cause an older person to fall.
- Have an emergency escape plan in case of fire.

Mary: Eldercare Comes Home

For five years in the 1950s, Mary cared for her husband's grandmother, an invalid who lived with them. Although the situation was not always an easy one, Mary felt that, because the woman had raised Mary's husband, they could do nothing else.

"It was hard in a way. It wasn't like living with a child—you can correct a child, but an adult, you can't. So sometimes, I'd get edgy and feel put upon. It was hard for

us to go out because we always had to arrange for someone to care for her.

"Finally, when we couldn't lift her out of bed anymore, she had to go into a nursing home. I felt very bad about this, but we didn't have a choice. She was 81 and mentally just wasn't all there."

Ironically, more than 30 years later, Mary herself became a nursing home employee when the death of her husband left her with limited financial resources.

"He'd worked for a company for 30 years and had no pension. So I had his life insurance when he died, but that was it. I hadn't worked since the 1940s. We always thought about it, but we just thought things would work out somehow."

They have worked out only because she has worked. At first, after her husband's death, Mary says work was a crutch.

"We'd been married for 42 years and it was very hard to be alone all of a sudden. I had to make a 180 degree turn with everyone, my friends, my family. So three weeks after his death, I went to work at the home. It was a way to get out of the house and to stop feeling sorry for myself. Now, I enjoy the chance to meet people."

When she isn't working, Mary often baby-sits her grandchildren and great-grandchild. To keep healthy, she bowls each week and tries to walk as much as she can. She parks far from the entrance to stores and walks a few flights up in her high-rise apartment building.

"I'm so thankful that I've lived long enough to see my children grown, and their children grown. Every generation is different. With every generation, you find something new to love."

ENSURING YOUR SPOUSE'S OR PARENT'S COMFORT—AND YOUR OWN WELL-BEING

Your parent or spouse can benefit from many different community services, especially if you work during the day and your parent is home alone. In most communities, for example, Meals-on-Wheels will deliver meals at little or no cost to homebound people.

Your local office on aging can guide you to support services in your community. Such services often include visiting nurses associations as well as companions who are willing to visit elderly or housebound people, home health and home care agencies, adult day care programs, transportation, and other volunteer groups.

A spouse or parent who is very old or ill should consider purchasing a mechanism for calling emergency help if he or she should fall or become ill and be unable to use the phone. Many companies now offer devices that an older person can use to summon a neighbor or reach emergency care. Most systems are worn as a pendant of some kind with a button that is pushed to activate the service. These services usually involve a one-time set up charge and then a monthly maintenance fee.

NURSING HOMES

The decision to have a spouse or parent enter a nursing home may be unavoidable and medically necessary. The decision can also be fraught with worry, guilt, and uncertainty. In some cases, home care may be an affordable alternative to a nursing home. However, many families find this option unavailable.

By 2030 it is estimated that 20 to 30 percent of the elderly population will spend some time in a nursing home. It is essential that

you be informed about such homes. There are four classifications of long-term care homes:

- *Residential care facilities*, offering room and board as well as social, recreational, and spiritual programs. Such arrangements generally work best for healthy individuals who do not require personal or medical care.
- *Continuing care communities*, where all personal and medical needs can be satisfied, such as room and board, health care, and social programs. These communities can meet the needs of a variety of people.
- *Intermediate care facilities* that offer room and board, as well as nursing care, rehabilitative and social services, and personal care assistance.
- *Skilled nursing facilities* for those who require round-the-clock medical and personal care and supervision. Such homes work to rehabilitate residents or maintain the skills and abilities they still have.

From the National Institute on Aging, "When You Need a Nursing Home", *Age Page*, November 1986.

If you are looking for a good nursing home in your community, talk to your doctor, clergy, other families with elderly parents, and your area agency on aging.

THE COST OF CARE: FINANCIAL AND EMOTIONAL

Average nursing home costs can be as high as $100 a day. Annual costs can range from $25,000 to $40,000. The majority of these costs must be paid for by individuals and their families. Medicare pays only up to 100 days of acute medical and rehabilitative care in a nursing home. Medicaid, which does cover nursing home costs, does so only after an individual has exhausted all of his or her own resources.

Home care can also be expensive. Almost all home care is provided by family or friends, the majority of whom are women. For many of these women, the cost of providing such care is the loss of their own careers and independence.

Contact your local office on aging to find out what, if any, programs are available to help you. Reach out to others in your situation so that you will have a support network.

It is also likely that you will have to deal with the death of your parents or spouse, especially because women tend to outlive their husbands. If your parent or spouse becomes terminally ill, you may want to investigate the possibility of hospice care, a service that provides emotional, physical, and nursing support so that people are able to die in their own homes, surrounded by their own families. Your parent's physician or your local hospital should be able to refer you to hospice care in your area.

Pam: Four Generations, One House

Some second wives may find themselves ineligible for a share of their husband's retirement benefits, although their husbands may have adequate retirement plans and incomes. Thus retirement planning remains crucial to securing the future. This was the case for Pam, a professional woman who lives in the West.

Although Pam has been married to her husband for 16 years, she is ineligible to receive annuity bene-

fits from his retirement in the event of his death—although her own annuity benefits would go to him. This is because her husband's annuity benefits were preestablished when he took an early retirement. This benefit cannot be revised and it cannot be transferred. When he dies, it will die with him. Former wives, too, often find themselves in this kind of predicament.

"My mother had been in her small home, my grandmother in hers, we were in ours. I saw a human need to have everyone in one home. We pooled our incomes and bought a large house."

The implication for such women is clear: they must plan for retirement as if they were single and, often, as if they had never been married at all, since they may not have access to their spouse's pension.

"Having to plan this way isn't a commentary on the state of the marriage. You can still have a great marriage. But you must plan much as a single woman would," says Pam.

In fact, you must plan as every woman must, and Pam is proof that it's never too late to start. Now 46, she first enrolled in her employer's pension plan when she was 37. She has also put extra money into a tax-sheltered plan, realizing that her university pension alone would need to be augmented by another source of income. In addition, she and her husband are purchasing a small house that they hope to have paid for completely before retiring.

Obviously, saving has required careful planning and discipline. Pam realizes that savings plans may be difficult for people who have other responsibilities, such as college-aged children. However, she notes, it is important to realize the tradeoffs in saving: Not planning now can lead to financial problems later in life.

"Many of my peers have trouble saving because they have kids in college. And I'm aware of that need. We've helped my stepdaughter through school. But I've also seen how important financial planning is through the experiences of my mother and grandmother, both widows."

In fact, Pam's entire family—husband, stepdaughter, mother, and grandmother—eventually moved to one very large house, in part to meet the increasing needs of her mother and grandmother for personal care.

"My mother had been in her small home, my grandmother in hers, we were in ours. I saw a human need to have everyone in one home. We pooled our incomes and bought a large house."

Although her grandmother died five years ago, Pam's mother continues to live in a separate apartment in the house. Like any shared living arrangement, this one has not always been perfect. However, by having kitchens both upstairs and downstairs, as well as separate telephone lines, she and her mother have been able to maintain their privacy and independence. For example, her mother always phones upstairs when she wants to visit or needs something.

"We never visit unannounced," Pam says. "We maintain a sense of privacy, respect, and caring that goes both ways."

Nonetheless, the arrangement has been satisfying. Pam says, "It's been very important to me, being able to help my mother. However, it is painful to be around illness daily. So it is satisfying, yet painful at the same time."

THE END: IT'S JUST THE BEGINNING

Retirement can be a rewarding and satisfying time of life: time to pursue new interests or a second career, to do the things you only dreamed about when family or career consumed your time and energy, to strengthen or build relationships with family and friends, to contribute more to society as a worker or volunteer.

Although planning cannot prepare you for every change or unexpected event in your life, it can help you to cope better and weather changes. Planning will help you to decide the circumstances of your retirement, rather than having every aspect of your later years dictated by necessity or crisis.

Reading this guidebook has given you the chance to sketch the plans for your retirement. These plans may change as you grow older or as your circumstances change. The decisions you make at 45 may no longer be relevant when you're 85.

Our final exercise will illustrate where you are in the retirement planning process. If you answer "no" or "I don't know" to many of these questions, review the relevant sections of the book or pursue the recommended resources. Although you may not have complete answers to each question, you should try to be able to give at least a partial answer.

The Planning Questionnaire

Do you want to retire? Why or why not?

●

When your time becomes your own, how will you spend it? (See page 11.)

●

What are your skills? Hobbies? Favorite pastimes? (See page 16.)

●

Will you miss your former job? (See page 11.)

●

What kinds of job opportunities do older people have? (See page 12.)

●

Will you have a network of friends and family? (See page 61.)

●

If you are divorced, widowed, or single, what other issues concern you?

●

What will your sources of retirement income be? (See page 33.)

●

Will they be sufficient? (See page 35.)

●

Will you be entitled to Social Security benefits? (See page 43.)

●

What do you know about your retirement benefits package? Your husband's? (See page 47.)

●

Do you have health insurance? (See page 50.)

●

Do you have life insurance? (See page 52.)

●

Do you have disability insurance? (See page 51.)

●

Have you considered long-term care insurance? (See page 51.)

●

What kinds of insurance does your spouse have?

●

Is your insurance coverage adequate for your needs?

What kinds of situations require professional legal advice and counsel? (See page 55.)

●

Do you have a will? If not, do you know how to find a lawyer to help you write one? (See pages 55, 56.)

●

Are your other legal affairs in order? (See pages 56-57.)

●

What are the most common health concerns of older women? (See pages 23,28.)

●

What can you do to maintain good health? (See page 23.)

●

How is your emotional health? (See pages 25-27.)

●

Have you thought about where you'll live and with whom? (See page 59.)

●

Will you stay in your own home? (See page 61.)

●

How can you adapt your home to the needs of an older person? (See pages 61,67.)

●

Will you move to a retirement community? (See page 64.)

●

If you have elderly parents, will you care for them should they become ill or require long-term care? (See page 66.)

●

If your spouse should become ill and require long-term care, do you know what to do? (See page 68.)

●

Are you ready to begin your retirement planning?

●

If you have answered "no" to the last question, begin to take some actions that will point you to retirement readiness. Retirement planning is an on-going process. Just as we are constantly learning something new about our work, our families, or our world, so too are we constantly learning more about the valuable and productive options people have for their retirement years. To make the most of those options, review your plans periodically. Try to include some flexibility so that you can adapt to unexpected change. Most important, have a sense of where you want to be, how you want to travel on the road to the future. In this case, the journey will be everything.

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RECOMMENDED RESOURCES

A variety of printed materials and organizations are available, many free of cost, to assist you in planning for your retirement.

The single copies of the following publications are available free, unless otherwise marked, to individuals by writing to AARP Fulfillment, 601 E Street, N.W., Washington, DC 20049.

General Interest, Employment, and Volunteerism

Becoming a School Partner (D13527)

How to Get Appointed to a Board or Commission: A Guide for Older Americans (D880)

How to Plan Your Successful Retirement is available for $9.95. Contact AARP, Worker Equity Department, 601 E Street, N.W., Washington, DC 20049, for ordering information.

Making America Literate: How You Can Help (D12755)

To Serve, Not to Be Served (D12028)

Volunteer Talent Bank Registration Packet (D910)

Working Options—How to Plan Your Job Search, Your Work Life (D12403)

Financial Issues and Legal Affairs

A Woman's Guide to Pension Rights (D12258)

Before You Buy—A Guide to Long-Term Care Insurance (D12893)

Home-Made Money (D12894)

Knowing Your Rights (D12330) (Medicare and Medicaid)

Look Before You Leap: A Guide to Early Retirement Incentive Programs (D13390)

Making Wise Decisions for Long-Term Care (D12435)

Organizing Your Future: A Guide to Decision-making in Your Later Years (D13877) is available for $12.95 plus $1.00 shipping and handling by writing to Legal Counsel for the Elderly, P.O. Box 19269-K, Washington, DC 20036.

Your Vital Papers Logbook is available for $6.95 by writing to AARP, Worker Equity Department, 601 E Street, N.W., Washington, DC 20049.

Health and Wellness—Physical

Action for a Healthier Life: A Guide for Mid-Life and Older Women (D13474)

Heart to Heart: What Older Women Need to Know About Heart Disease (D14260)

How Does Your Nutrition Measure Up? (D12994)

Pep Up Your Life (D549)

Health and Wellness—Emotional and Mental

Divorce After 50—Challenges and Choices (D12909)

I Wonder Who Else Can Help (D13832)

On Being Alone (D150)

So Many of My Friends Have Moved Away or Died (D13831)

Housing

A Home Away from Home: Consumer Information on Board and Care Homes (D12446)

CHISS (Consumer Housing Information Service for Seniors): Resource Guide on Accessory Apartments (D12775)

The Doable, Renewable Home (D12470)

Caregiving

A Checklist of Concerns/Resources for Caregivers (D12895)

A Handbook About Care in the Home (D955)

A Path for Caregivers (D12957)

Before You Buy—A Guide to Long-Term Care Insurance (D12893)

Making Wise Decisions for Long-Term Care (D12435)

Nursing Home Life: A Guide for Residents and Families (D13063)

ORGANIZATIONS

AARP is the nation's leading organization for people age 50 and over. It serves their needs and interests through legislative advocacy, research, informative programs, and community services provided by a network of local chapters and experienced volunteers throughout the country. The organization also offers members a wide range of special membership benefits, including *Modern Maturity* magazine and the monthly *Bulletin*. For further information, write to AARP, 601 E Street, N.W., Washington, DC 20049, or call (202) 434-2277.

American Diabetes Association, 1-800-232-3472, for information and the phone number of your local chapter.

Displaced Homemakers Network, 1411 K Street, N.W., Suite 930, Washington, DC 20005, (202) 628-6767, an organization that provides information and referrals about employment and job training opportunities for divorced and widowed women returning to or entering the work force.

Elderhostel, 75 Federal Street, Boston, MA 02110, or call (617) 426-8056.

Gray Panthers, National Office, 311 South Juniper Street, Philadelphia, PA 19107, (215) 545-6555.

National Arthritis Foundation, P.O. Box 19000, Atlanta, GA 30326, (404) 872-7100.

National Council on the Aging, Inc., 600 Maryland Avenue, S.W., Washington, DC 20024, (202) 479-1200.

National Foundation for Consumer Credit, Inc., 8701 Georgia Avenue, Suite 601, Silver Spring, MD 20910, (301) 589-5600. Their toll-free number is 1-800-388-CCCS. At little or no cost, NFCC helps consumers whose debt burden has become unmanageable to make arrangements to repay credit.

Pension Rights Center, 918 16th Street, N.W., Suite 701, Washington, DC 20006, (202) 296-3776. This nonprofit public interest group was organized to protect and promote the pension rights of workers, retirees, and their families. The Center's *Clearinghouse on Pensions and Divorce* provides pension information and assistance to people going through divorce. The Clearinghouse has created a computerized index of court cases dealing with pensions and divorce and has published six technical legal information packets for use by attorneys representing persons in divorce proceedings.

President's Council on Sports and Fitness, 450 5th Street, N.W., Suite 7103, Washington, DC 20001

OTHER RESOURCES

Consumer Credit Survival Guide. Available free by writing TRW Information Systems, 1900 Richmond Road, Cleveland, OH 44124-3760, Attn: Communications 4-W.

Consumer Reports Books Guide to Housing Alternatives for Older Citizens. Margaret Gold. New York: Consumer Reports Books, 1985.

Growing Old: A Complete Guide to the Physical, Emotional and Financial Problems of Aging. Dr. David A. Tomb. New York: Penguin Books, 1984.

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Osteoporosis: A Woman's Guide (free) and *Boning Up: A Guide to Osteoporosis Prevention and Treatment* ($2.00). Available from the National Osteoporosis Foundation, 2100 M Street, N.W., Suite 602, Washington, DC 20037.

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Your Pension Rights at Divorce: What Women Need to Know. Anne E. Moss. Available for $14.50 plus $2.00 first class postage from Pension Rights Center, 918 16th Street, N.W., Suite 701, Washington, DC 20006.

From the federal government:

National Cancer Institute, 1-800-4-CANCER, information about cancer prevention, symptoms and treatments, offers a variety of free publications. Of special interest to midlife women are:

What You Need to Know About Breast Cancer; *Diet, Nutrition & Cancer Prevention: The Good News*; and *Diet, Nutrition & Prevention: A Guide to Food Choices*.

National Institute on Aging publishes a series of fact sheets called *Age Page*. To receive a list of publications or to be added to the mailing list, write National Institute on Aging, Public Information Office, Federal Building, 6th Floor, Bethesda, MD 20892.

Social Security Administration, 1-800-772-1213. Social Security has the following free booklets:

Retirement, *Understanding Social Security*, *Disability*, *Medicare*, *Survivors*, and *Supplemental Security Income*.

Order the following publications from the Consumer Information Center, Attn: R. Woods, P.O. Box 100, Pueblo, CO 81002. When ordering two or more free booklets, include $1.00 for postage and handling.

Financial Management: How to Make a Go of Your Business (111W, $2.50)

Getting Skilled, Getting Ahead (574W, free)

National Park System Map and Guide (150W, $1.00)

Resumes, Application Forms, Cover Letters, and Interviews (107W, $1.00)

Starting and Managing a Business from Your Home (113W, $1.75)

ABOUT AARP

AARP is the nation's leading organization for people age 50 and over. It serves their needs and interests through legislative advocacy, research, informative programs, and community services provided by a network of local chapters and experienced volunteers throughout the country. The organization also offers members a wide range of special membership benefits, including *Modern Maturity* magazine and the monthly *Bulletin*.

ABOUT THE WORKER EQUITY DEPARTMENT

AARP educates employers, employees, and the general public about retirement and employment issues affecting older workers through the Association's Worker Equity Department. The Department assists midlife and older workers to make informed decisions about employment and retirement; encourages employers to hire and retain midlife and older workers and develop personnel policies and practices that are age-neutral; seeks to eliminate age discrimination in employment through educational, legislative, and judicial efforts; and informs older persons of their rights under federal and state age discrimination and pension laws.

ABOUT THE WOMEN'S INITIATIVE

The AARP Women's Initiative advocates and supports policies, programs, and legislation that improve the status of women today and in the future. It works to remove barriers to productivity and achievement in all aspects of life; correct inequities in employment opportunities, practices, and policies; promote healthy lifestyles; and provide universal access to health and long-term care. The Initiative also seeks to expand women's opportunities for personal growth and fulfillment, provide materials and resources for informed consumer decisions, and promote greater recognition of the significant contributions of women to families, communities, our nation, and the world.

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